

# *The China Weekly* **REVIEW** 密勒氏評論報

A Weekly Newspaper Established in 1917

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SATURDAY, NOVEMBER 9, 1935

VOLUME 74, NUMBER 10

FORTY CENTS A COPY

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## CHINESE RAILWAYS

SHANGHAI-PEIPING THROUGH EXPRESS.  
(Connected with N.S.L. Nos. 301 & 302)

| TIME  | ARR.  | DEPT. | STATIONS     | TIME  | ARR.  | DEPT. |
|-------|-------|-------|--------------|-------|-------|-------|
| 20.45 | 21.25 | ▲     | PUKOW        | 1.20  | 1.40  |       |
| 16.54 | 16.57 |       | LINHUAIKWAN  | 5.40  | 5.45  |       |
| 16.04 | 16.19 |       | PENGPU       | 6.19  | 6.24  |       |
| 18.52 | 18.57 |       | MANHSUCHOW   | 8.45  | 8.50  |       |
| 11.50 | 12.05 |       | HSUCHOWFU    | 10.50 | 11.10 |       |
| 10.02 | 10.17 |       | LINCHENG     | 12.00 | 12.15 |       |
| 9.18  | 9.16  |       | TENGHSIEN    | 14.05 | 14.09 |       |
| 7.40  | 7.55  |       | YENCHOWFU    | 15.35 | 15.55 |       |
| 7.15  | 7.18  |       | CHUFU        | 16.21 | 16.24 |       |
| 5.34  | 5.42  |       | TAIANFU      | 18.05 | 18.20 |       |
| 8.25  | 8.45  |       | TSINANFU     | 20.12 | 20.42 |       |
| 2.08  | 2.13  |       | YUCHENGHSIEN | 22.05 | 22.15 |       |
| 0.24  | 0.39  |       | TECHOW       | 23.55 | 0.25  |       |
| 22.37 | 22.47 |       | POTOUCHEN    | 2.12  | 2.22  |       |
| 21.36 | 21.46 |       | TSANCHOW     | 3.16  | 3.29  |       |
| 18.30 | 18.40 |       | TIENTSIN (C) | 6.40  | 7.00  |       |
| 17.59 | 18.20 |       | TIENTSIN (E) | 7.10  | 7.35  |       |
| —     | 15.05 |       | PEIPING      | 10.20 | —     |       |

## PEIPING-HANKOW RAILWAY.

| TIME  | ARR. | DEPT. | STATIONS          | TIME  | ARR. | DEPT. |
|-------|------|-------|-------------------|-------|------|-------|
| 14.05 | ▲    |       | PEIPING           | 22.00 |      |       |
| 13.27 |      |       | CHANGSINTIEN      | 22.45 |      |       |
| 9.54  |      |       | PAOTUNG           | 2.23  |      |       |
| 5.50  |      |       | SHIHCHIAHWANG     | 6.28  |      |       |
| 2.19  |      |       | SHUNTEH           | 10.01 |      |       |
| 19.27 |      |       | SINSIANG          | 16.45 |      |       |
| 16.43 |      |       | CHENGCHOW         | 19.26 |      |       |
| 13.59 |      |       | HSUCHOW           | 22.08 |      |       |
| 12.16 |      |       | YENCHENG          | 23.51 |      |       |
| 9.58  |      |       | CHUMATIEN         | 2.34  |      |       |
| 6.10  |      |       | SINYANG           | 6.01  |      |       |
| 3.36  |      |       | KWANGSHUI         | 8.36  |      |       |
| 22.45 |      |       | KIANG AN          | 13.15 |      |       |
| 22.30 |      |       | HANKOW (Tachimen) | 18.25 |      |       |

## PEIPING-SUIYUAN RAILWAY.

| TIME  | ARR.  | DEPT. | STATIONS        | TIME  | ARR.  | DEPT. |
|-------|-------|-------|-----------------|-------|-------|-------|
| 9.30  | —     |       | HSICHIMEN       | —     | 16.48 |       |
| 8.06  | 8.16  | ▲     | NANKOW          | 18.07 | 18.17 |       |
| —     | —     |       | CHINGLUNG-CHIAO | —     | —     |       |
| 1.52  | 2.07  |       | KALGAN          | 0.30  | 0.45  |       |
| 19.34 | 19.49 |       | TATUNG          | 7.01  | 7.21  |       |
| 15.48 | 16.03 |       | PINGTICHUEN     | 11.04 | 11.19 |       |
| 10.56 | 11.16 |       | SUIYUAN         | 15.42 | 16.02 |       |
| —     | 7.00  |       | PAOTAO          | 19.53 | —     |       |

## LUNGHAI RAILWAY.

| TIME  | ARR.  | DEPT. | STATIONS     | TIME  | ARR.  | DEPT. |
|-------|-------|-------|--------------|-------|-------|-------|
| 5.15  | —     | ▲     | HSUCHOWFU    | —     | 21.10 |       |
| 0.57  | 1.17  |       | SHANKIUHSIEN | 1.16  | 1.56  |       |
| 20.47 | 21.07 |       | KAIFENG      | 6.20  | 7.00  |       |
| 18.40 | 19.00 |       | CHENGCHOW    | 8.49  | 9.09  |       |
| 14.45 | 15.10 |       | LOYANG E.    | 12.53 | 13.23 |       |
| 9.30  | 9.55  |       | SHANCHOW     | 18.30 | 18.55 |       |
| —     | 6.10  |       | TUNGKUAN     | 22.15 | —     |       |

## KIAOTSI RAILWAY.

| TIME  | ARR.  | DEPT. | STATIONS  | TIME  | ARR.  | DEPT. |
|-------|-------|-------|-----------|-------|-------|-------|
| 7.35  | —     | ▲     | TSINGTAO  | —     | 21.00 |       |
| 5.48  | 5.50  |       | KIAOCHOW  | 22.46 | 22.48 |       |
| 5.06  | 5.16  |       | KAOMI     | 23.19 | 23.30 |       |
| 3.26  | 3.41  |       | FENGTSU   | 1.01  | 1.16  |       |
| 3.03  | 3.05  |       | WEIHSIEN  | 1.36  | 1.39  |       |
| 1.36  | 1.33  |       | TSINGCHOW | 2.55  | 2.57  |       |
| 23.59 | 0.01  |       | CHOUTSUN  | 4.32  | 4.35  |       |
| —     | 22.00 |       | TSINANFU  | 6.30  | —     |       |

## CHENGTAI RAILWAY.

| TIME  | ARR.  | DEPT. | STATIONS        | TIME  | ARR.  | DEPT. |
|-------|-------|-------|-----------------|-------|-------|-------|
| 19.42 | —     | ▲     | SHIHCHIAHWANG   | —     | 7.53  |       |
| 18.14 | 18.16 |       | TSINGCHINGHSIEN | 9.27  | 9.29  |       |
| 16.00 | 16.15 |       | YANGCHUAN       | 11.47 | 12.01 |       |
| 14.48 | 14.50 |       | SHOUYANGHSIEN   | 13.50 | 13.52 |       |
| 12.40 | 12.49 |       | YUCHIHSIEN      | 15.25 | 15.35 |       |
| —     | 12.08 |       | TAIYUANFU       | 16.07 | —     |       |

## SHANGHAI-HANGCHOW-NINGPO RAILWAY.

| STATIONS     | UP. | STATIONS     | DOWN. |
|--------------|-----|--------------|-------|
| ZAHKOU       | d.  | SHANGHAI, N. | d.    |
| HANGCHOW     | d.  | JESSFIELD    | d.    |
| CHANGAN      | d.  | SICCAWEI     | d.    |
| YEHZAH       | d.  | SHANGHAI, S. | d.    |
| KASHING      | d.  | SUNGKIANG    | d.    |
| KASHAI       | d.  | FUNGCHING    | d.    |
| FUNGCHING    | d.  | KASHAI       | d.    |
| SUNGKIANG    | d.  | KASHING      | d.    |
| SHANGHAI, S. | a.  | YEHZAH       | d.    |
| SICCAWEI     | d.  | CHANGAN      | d.    |
| JESSFIELD    | d.  | HANGCHOW     | d.    |
| SHANGHAI, N. | a.  | ZAHKOU       | a.    |

## NANKING-SHANGHAI LINE.

| STATIONS     | UP | STATIONS     | DOWN |
|--------------|----|--------------|------|
| SHANGHAI, N. | d. | NANKING      | d.   |
| NANSIANG     | d. | CHINKIANG    | d.   |
| KUNSHAN      | d. | TANYANG      | d.   |
| SOOCHOW      | d. | CHANGCHOW    | d.   |
| WUSIH        | d. | WUSIH        | d.   |
| CHANGCHOW    | d. | SOOCHOW      | d.   |
| TANYANG      | d. | KUNSHAN      | d.   |
| CHINKIANG    | d. | NANSIANG     | d.   |
| NANKING      | a. | SHANGHAI, N. | a.   |

## NOTICE

- Children under four years of age are carried free, children under twelve but above four years of age at half fares and children of twelve years of age and over must pay full fares.
- For Local and Through Traffic, the following free baggage allowances will be granted to each passenger:—
 

|                     |                                |
|---------------------|--------------------------------|
| 1st class passenger | 80 kilogrammes (142 catties)   |
| 2nd class passenger | 60 Kilogrammes (100.5 catties) |
| 3rd class passenger | 40 Kilogrammes (67 catties)    |

 Half of these quantities will be allowed on each child's half ticket of each class respectively.
- Any weight of baggage in excess of the free allowance will be charged at the rate for the minimum quantity of 20 kilogrammes (35.5 catties) of \$0.002 per kilometre per unit of 20 kilogrammes.
- In case of any holder of Local or Through ticket who abandons his journey en route and desires a refund on the unused portion of his ticket he must apply in person, and produce his ticket for endorsement to the Station Master where the journey is abandoned. Application for refunds must be made as soon as possible after endorsement and must in any case be made within TEN DAYS of the date of expiry of the availability of the ticket which has been endorsed.



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## Latest New York Stock Exchange Quotations

November 7, 1935

Stock Exchange - Business Done:-

Total Volume: 3,080,000 Shares

| 1934-35 |     | Div. \$<br>per sh. | STOCKS                            | Last Sale |        |
|---------|-----|--------------------|-----------------------------------|-----------|--------|
| High    | Low |                    |                                   | Nov. 4    | Nov. 6 |
| 9%      | 4%  | —                  | Adams Express                     | 9         | 9%     |
| 149     | 110 | 4.00               | American Can                      | 143       | 143%   |
| 28%     | 20% | 0.40               | Amer. Cyanamid "B"                | 26%       | 28%    |
| 9%      | 2   | —                  | American & For. Power             | 6%        | 6%     |
| 42      | 14  | —                  | American & Foreign Pwr. \$7 pref. | 32%       | 32%    |
| 18%     | 10% | —                  | American Radiator & S.S.          | 18        | 19%    |
| 146%    | 99% | 9.00               | American Tel. & Tel.              | 144%      | 145%   |
| 105     | 72% | 5.00               | American Tobacco "B"              | 104%      | 105%   |
| 19%     | 7%  | —                  | American Waterworks               | 18%       | 18%    |
| 28%     | 8   | —                  | Anaconda Copper                   | 21%       | 21%    |
| 57%     | 55% | 2.00               | Atchison, T. & S. Fe              | 48%       | 49%    |
| 44%     | 15  | —                  | Auburn                            | 38%       | 38     |
| 18      | 7%  | —                  | Baltimore & Ohio                  | 14%       | 15%    |
| 41%     | 21% | —                  | Bethlehem Steel                   | 40%       | 43%    |
| 16%     | 6%  | —                  | Boeing Airplane Co.,              | 13        | 13%    |
| 13%     | 8%  | —                  | Canadian Pacific Railway          | 9%        | 9%     |
| 105%    | 45% | —                  | Case, J. I.                       | 104%      | 103%   |
| 57%     | 56% | 1.00               | Caterpillar Tr.                   | 57        | 59%    |
| 35%     | 20% | 1.40               | Chase National Bank               | 34%       | 35     |
| 47%     | 36  | 3.00               | Chesapeake Corp.                  | 45        | 46     |
| 47%     | 37% | 2.80               | Chesapeake & Ohio                 | 45        | 45%    |
| 88      | 31  | 1.00               | Chrysler                          | 81%       | 85%    |
| 15%     | 3%  | 0.20               | Columbia Gas & Electric           | 14%       | 14%    |
| 23%     | 17% | 0.60               | Coml. Solvents                    | 18        | 18%    |
| 2%      | 0%  | —                  | Commonwealth & Southern (ord.)    | 2%        | 2%     |
| 34%     | 15% | 1.00               | Consolidated Gas of N. Y.         | 31%       | 31%    |
| 10%     | 6%  | 0.50               | Consolidated Oil                  | 9%        | 9%     |
| 24%     | 15% | 0.25               | Continental Oil                   | 24%       | 25%    |
| 78%     | 60% | 3.00               | Corn Products                     | 60%       | 60     |
| 34%     | 17% | 0.75               | Douglas Aircraft                  | 32%       | 33     |
| 137%    | 86% | 3.60               | Du Pont de Nemours                | 136%      | 141%   |
| 20%     | 8%  | —                  | Electric Bond & Share             | 16%       | 16%    |
| 55%     | 30  | 0.50               | General Electric                  | 53        | 56%    |
| 54%     | 26% | 1.5%               | General Foods                     | 33        | 33%    |
| 55%     | 15% | 2.00               | General Motors                    | 54%       | 55%    |
| 18      | 14% | 1.00               | General Railway Signal            | 8.7%      | 8%     |
| 26%     | 15% | 1.20               | Gold Dust                         | 16%       | 17     |
| 64      | 44  | —                  | Goodyear Tire & Rubber            | 21%       | 22%    |
| 83%     | 22% | 1.00               | Humble Oil                        | 60%       | 61%    |
| 12%     | 5%  | 1.00               | International Nickel              | 3%        | 3%     |
| 88      | 38% | —                  | International Tel. & Tel          | 10%       | 11%    |
| 28%     | 13% | 0.25               | Johns Manville                    | 88        | 92%    |
| 49%     | 31% | 0.60               | Kennerott                         | 27%       | 27%    |
| 36%     | 18% | 2.00               | Loew's Inc.                       | 48%       | 48%    |
| 94%     | 58  | 1.20               | Lorillard                         | 26%       | 26%    |
| 37%     | 21% | 1.00               | Montgomery Chemical               | 32%       | 33%    |
| 38      | 18% | —                  | Montgomery Ward                   | 33%       | 34%    |
| 18      | 12% | 1.00               | National City Bank                | 31%       | 32%    |
| 84      | 23% | 1.20               | National Dairy Prods.             | 17%       | 17%    |
| 14%     | 4%  | 2.00               | National Distillers               | 83%       | 83%    |
| 27%     | 12% | 0.80               | National Power & Lt.              | 10%       | 10%    |
| 25%     | 9   | —                  | New York Central                  | 22%       | 22%    |
| 29%     | 13% | 1.00               | North American                    | 24%       | 25%    |
| 53%     | 19  | 1.50               | Pacific Gas & Electric            | 29%       | 29%    |
| 7%      | 3%  | 2.40               | Pacific Lighting                  | 53%       | 54%    |
| 84%     | 57% | —                  | Packard Motors                    | 6%        | 6%     |
| 30%     | 17% | 2.00               | Pennney, J.C.                     | 80%       | 80%    |
| 36%     | 13% | 0.50               | Pennsylvania Railroad             | 27%       | 27%    |
| 45      | 20% | 1.00               | Phillips Petroleum                | 36%       | 37%    |
| 8%      | 4   | 2.40               | Public Serv. of N.J.              | 44%       | 44%    |
| 57      | 45% | —                  | Radio Corporation                 | 8%        | 8%     |
| 55%     | 22  | 3.00               | Reynolds Tobacco "B"              | 56%       | 56%    |
| 61%     | 31  | —                  | Schenley                          | 54%       | 53%    |
| 15%     | 10% | 0.75               | Sears Roebuck                     | 59%       | 60     |
| 26%     | 10% | 0.30               | Socony-Vacuum                     | 12%       | 12%    |
| 21%     | 12% | 1.50               | Southern California Edison        | 25%       | 25%    |
| 19%     | 12% | —                  | Southern Pacific                  | 18%       | 19%    |
| 9%      | 1%  | 0.80               | Standard Brands                   | 15%       | 15%    |
| 50%     | 35% | —                  | Standard Gas & Electric           | 4%        | 4%     |
| 67%     | 54% | 1.00               | Standard Oil Co. of N. J.         | 49%       | 49%    |
| 136%    | 27% | 3.80               | Sterling Products                 | 67        | 66%    |
| 9%      | 4%  | 2.00               | Texas Gulf Sulphur                | 32%       | 32     |
| 72%     | 48  | 0.80               | Transamerica                      | 9%        | 10%    |
| 111%    | 82% | 1.60               | Union Carbide & Carbon            | 70%       | 71%    |
| 21%     | 9%  | 0.00               | Union Pacific                     | 96        | 96     |
| 10%     | 4%  | —                  | United Aircraft (New)             | 19%       | 19%    |
| 6%      | 1%  | —                  | United Airline Trans.             | 9%        | 9%     |
| 18%     | 9%  | —                  | United Corporation                | 6         | 6%     |
| 66%     | 51  | 1.00               | United Gas Improvement            | 17%       | 17%    |
| 48%     | 35% | 2.00               | Universal Leaf                    | 64%       | 64%    |
| 17%     | 9%  | —                  | U.S. Indus. Alcohol               | 46%       | 46%    |
| 48%     | 27% | —                  | U. S. Rubber                      | 15%       | 15%    |
| 21%     | 11% | —                  | U. S. Steel                       | 46%       | 48     |
| 8%      | 2%  | —                  | Vanadium                          | 19%       | 20     |
| 91      | 32% | —                  | Warner Bros. Pictures             | 8%        | 8%     |
|         |     | 0.50               | Westinghouse Electric             | 88%       | 90%    |

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# The China Weekly Review

ESTABLISHED 1917

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# 密勒氏評論報

## The China Weekly

# REVIEW

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中華郵政特准掛號立券之報紙

Registered at the Chinese Post Office as a Newspaper  
for transmission with special marks privileges in China.

Volume 74

Shanghai, China, Saturday, November 9, 1935

Number 10

### THE CHINA WEEKLY REVIEW

Formerly Millard's Review

Cable Address "REVIEWING SHANGHAI"

PUBLISHED AT NO. 160 AVENUE EDWARD VII, SHANGHAI, CHINA,  
BY MILLARD PUBLISHING COMPANY, INCORPORATED BY THE LAWS OF  
THE STATE OF DELAWARE, UNITED STATES OF AMERICA.

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COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING  
IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY  
REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA. TELEPHONE  
14741. CABLE ADDRESS "REVIEWING SHANGHAI."

### CONGRESSIONAL JUNKET AND THE QUESTION OF P. I. FREEDOM

SINCE the word "junket" carries a special meaning in the American language of "convivial excursion at public expense," it probably is not entirely correct to use it in connection with the trip of American senators and representatives to Manila to attend the inauguration of the new Philippine Commonwealth. There were certain "junket" or at least "convivial" elements observable among those who participated in the excursion, but this may have been a natural reaction of the congressmen and journalists upon arrival in the free atmosphere of Shanghai following the stilted entertainment to which they were subjected while in Imperial Japan. This also may have been responsible for some of the statements made by members of the party while the Dollar Line steamer, *President Grant*, upon which they were traveling, was in port.

For example, Senators William H. King of Utah and Burton K. Wheeler of Montana, member of the so-called "Silver Bloc" in the Senate, issued interviews to the newspapers wherein they declared that it wasn't any of China's business what America did about silver. Senator King declared, or at least was quoted in the papers as stating that China's sufferings from the operation of the American silver purchase act were a "mere bagatelle," and that he (the Senator from Utah) was primarily interested in the solution of America's currency problems rather than China's. Then there was the statement by Senator Wheeler, reported in the *China Press* in which he predicted that the whole world would shortly be back on a metallic currency basis. And before that forecast could be presented in cold type the Chinese Government had decreed that silver would no longer serve as legal tender in this country, heretofore the world's largest user of silver money. As a matter of fact the Chinese authorities demonstrated that they still possess a sense of humor despite the seriousness of the innumerable calamities afflicting the nation. The members of the Congressional party were guests of the Chinese authorities on two occasions, a luncheon by Mayor Wu Teh-chen of the Municipality of Greater

Shanghai and a reception by Dr. H. H. Kung, Minister of Finance, and while there was considerable oratory on both sides, not one single word was uttered by the Chinese authorities about their important decision, already taken but not announced, to nationalize silver and adopt a "managed" currency system. The official announcement was not issued until after the American Senators and Congressman had departed—in total ignorance of China's action on a subject of great political interest to every member of America's chief law-making body. But China was too polite to inject a disturbing note into the entertainment of the illustrious American visitors.

Senator Gerald P. Nye of North Dakota, who achieved international notice as a result of his investigation of the munitions trade, was also interviewed by the local papers and declared that there isn't a force in the United States strong enough to take away the right of independence from the Philippines, once the Filipinos have proven their right to that independence through the 10-year Commonwealth period which will have its beginning on Nov. 15. But while loquacious on the point that no American "imperialist" will be permitted to interfere with the freedom of the Philippines the Senator from North Dakota became silent when asked about the possibility of Japanese interference with the future independence of the Islands. Of course the Americans, after having dumped a billion dollars into educational and developmental projects in the Philippines, and with little return for their expenditure, will not interfere with the "freedom" of the Filipinos. Most Americans would like to get out of the Philippines completely rather than spend another ten years waiting for the inhabitants to get on their feet politically and economically. Assuredly the Senator from North Dakota need not worry about American interference, but he should be taking advantage of the opportunity offered by his presence in the Far East to investigate the possibility of Japanese seizure of the Islands immediately following American relinquishment, if not before. If the Senator would refer to any of the available maps of the Far East he would see that Japan requires the Philippines in order to "round out" her territory, not to overlook the further element, fundamental in the Japanese program, of eliminating Occidental interests and influence from Asia.

It was also of some significance that Senator Nye, who was chairman of the committee which investigated the munitions question, also chose to remain silent when asked about the defenses of the Philippines. The fact that Gen. Douglas MacArthur, former Chief-of-Staff of the U. S. Army, has been "loaned" to the new Philippine Commonwealth for the purpose of helping the new government develop its "national defenses," is a matter of deep interest in the Far East. For the past thirty-five years the Filipinos have enjoyed the free protection of the U. S. Army and Navy, but now that they are to become independent they will have to pay for their own defenses—and the first item apparently was the employment of

America's leading soldier to tell them how to do it. Gen. MacArthur passed through Shanghai on his way to Manila a few days preceding the visit of the Congressional party. Senator Nye declared in the course of an interview published in the *China Press* that while the average American is "still very sympathetic" toward China, it was, nevertheless, the policy of the United States to keep out of all foreign entanglements no matter what her feelings of sentiment might be. He declared, "Of course we have a very sentimental regard for China but the experience of the World War taught us a lesson that the average American cannot forget . . . and the feeling in the United States today is simply that we must stay out of wars and entanglements in foreign countries no matter whether in the Far East or elsewhere." Thus does the Senator from North Dakota become inconsistent. As a member of the Insular Affairs Committee of the Senate he must be aware of the plans for helping the Filipino leaders develop the defenses of the Islands—and he also must be aware of the fact that the Philippine Commonwealth, in developing its defenses, probably will become an excellent customer for some of the munitions firms which Senator Nye denounced so vociferously in the course of the munitions investigation. Also as conditions are now developing in the Far East the Senator doubtless will discover shortly that America's attempt to keep out of entanglements in the Orient "regardless of sentiment," will not be entirely successful. While it is perfectly sound doctrine that America should avoid all wars and entanglements, it also is true that America can't escape the consequences of present developments in the Far East, whether in China or the Philippines. To sanctimoniously stand aside and permit events to take their course in this part of the world is somewhat like closing one's eyes to a fire in the neighboring block, which, while not now a menace, might, nevertheless become dangerous very quickly.

Secretary of War, George H. Dern, who also is traveling in the Far East on the first-class cruiser *Chester*, displayed more intelligence in his Shanghai interviews. He said quite frankly that America would be responsible for the protection of the Philippines in the ten-year period of the Commonwealth while the Filipinos were getting on their feet. Therefore there was no question of America's remaining in the Western Pacific in that period—and for many more decades of time to come, he might have added. Secretary Dern denied reports that he had discussed the question of Philippine neutrality while in Japan. But the Secretary might have spared himself answering that question for the Japanese know, or should know by this time that certain developments are now taking place in the Pacific and internationally which portend the early end of the Nippon warlord's dream of Asiatic and world domination. That Dr. Manuel Quezon, President Elect of the new Commonwealth, has a clear idea of the fundamental problem facing the new nation was indicated in a statement published in Manila on October 28 to the effect that compulsory military



training would be introduced immediately. "An adequate military defense will not only demonstrate our earnest desire for independence, but will show that we mean to keep it," Dr. Queson declared, intimating at the same time that he favored liberal use of government funds for defense purposes. He said that one of the first questions to come before the first Legislative Assembly session to be convened on Nov. 15 would be the

matter of defense. A further report from Manila of some significance appeared in the newspaper *Hochi* in Tokyo stating that the last session of the Philippine Legislature had passed a bill, providing heavy punishment for any Filipino or American resident of the Islands to barter away their "rights" to foreigners, the reference being to the leasing of agricultural land or fishing privileges to Japanese subjects.

## London Launches Financial War on Tokyo

CONFRONTED by an ever-shrinking balance of trade with China, and sadly contemplating Japan's rapid expansion on Asia's mainland, London made three desperate attempts this year to come to terms with Nipponese politicians. When these failed Great Britain swung her financial tomahawk and entered on the warpath.

Early this year three members of England's industrial "Four Hundred", headed by the loquacious Lord Barnby, paid a visit to Japan and Manchukuo. Bombastic declarations by the missionaries of trade and goodwill vied with protestations of undying friendship from Nipponese bankers and industrialists.

Lord Barnby allowed words on recognition of Manchukuo escape his undiplomatic lips, but promptly denied them when the Japanese rail manufacturers declined to join the European steel cartel or give the British steel barons a slice of the Manchurian spoils.

Lord Barnby returned to London a disillusioned man to contemplate the bankruptcy of one of his largest enterprises. The only visible results of his bid for Anglo-Japanese commercial co-operation and understanding were trade councils in London and Tokyo which met at uncertain intervals to enjoy speeches on Anglo-Japanese amity sandwiched between banquet courses.

♦♦

With Lord Barnby's mission a sad failure, with British oil concerns in Japan and Manchukuo in a straight-jacket, and with the Kwantung army steadily marching South of the Great Wall, London embarked on a series of negotiations with Washington, Tokyo and Paris on the rejuvenation of the Chinese banking consortium. By drawing Japan into an international organization, Great Britain hoped to be able to hold Nippon in check, and stop her own retrogression in the Orient.

Japan, however, put a prompt end to these efforts by firmly announcing her opposition to all forms of international concert in China. Washington, preoccupied with Rooseveltian experiments in governmental expenditure, also remained cool to British overtures. Secretary Stimson's burned fingers in the Manchurian Incident provided no incentive for other efforts to restrain Japan's imperial ambitions.

Left to her own devices Great Britain took the third step, the dispatch to the Orient of Sir Frederick Leith-Ross, Chief Economic Adviser to the British Government, and one of Britain's

youngest and most brilliant economists. Together with Prof. Kemmerer of the U.S.A. he shares fame as the world's leading "financial surgeon". As far as can be seen now, he was sent to the Orient with a *carte blanche*, his only instruction being to find a way to save Britain's Oriental preserves from Nipponese encroachment.

Few missions in contemporary history have been more significant than Sir Frederick's. British products are gradually finding themselves displaced at one market after another by Nippon-made goods. Cheap labor, active governmental support, highly rationalized production, geographical proximity,—all these have given the Nipponese exporter advantages which the Lancashire and Manchester traders could not overcome. In China and Manchuria these advantages were augmented by an unsheathed bayonet, wielded with audacity and great skill.

So sure have the Nipponese become of their ability to annex the markets of the world (and so strikingly have they demonstrated their ability to do so), that they have lost their susceptibility to British charms. Lord Barnby's and the British Conservative newspapers' amorous advances to Tokyo with the suggestion that the Anglo-Japanese agreement, which expired in 1932, be regenerated if Nippon agreed to split markets, were spurned by Japan with a delightful lack of grace.

♦♦

When Sir Frederick arrived in Tokyo, early in September, he had two ways open to him. One was to secure Japan's agreement to divide China into spheres of influence, in return for certain concessions on Britain's part. The other, to be used only if Japan turned her thumbs down on the proposal, was to part ways with Nippon seeking an independent agreement with the Nanking Government.

Sir Frederick's Japanese interlude was not crowned with success. Tokyo officials emphatically rejected a proposal for a joint loan to China, declaring that she needed no outside financial aid. At the same time, the press prominently displayed an obviously officially inspired canard, that Sir Frederick promised to persuade the Nanking Government to recognise Manchukuo if Japan agreed to join Britain in granting a loan to the harassed Chinese administration.

♦♦

A few weeks after Sir Frederick's departure for China high officials of the Tokyo Foreign



Office held an important, albeit little publicized, conference at which it was decided to seek a modification or complete abolition of the Ottawa Imperial Agreement, which bars Nipponese products from British preserves. The conferees also reportedly considered the questions of Japanese emigration to British colonies and dominions, and the re-distribution of colonies and mandates. The pourparlers were a warning to Great Britain, immersed in the Abyssinian squabble, that Japan was the piper in the Orient and called her own tune.

"Unless Great Britain understands our attitude on these questions," said the Tokyo Asahi, Japan's prototype of the New York Times, "there will be no possibility of Anglo-Japanese co-operation on financial and economic assistance to China or upon other matters in the Far East".

And the same paper gave the following summary of the official views on the matter:

"Of more vital importance than Chinese finances is that Great Britain should understand the significance of the re-awakening and development of all Asiatic races,—Japanese, Chinese, Siamese and others. Japan is a growing nation and it would be natural for both her goods and her emigrants to find their way into British dominions. Australia, New Zealand and Canada are, however, closed to immigration, and these and other British possessions have adopted restrictions upon Japanese exports.

"Unavoidably Japan has turned to Manchukuo and China, but here Britain is also moving to limit Japan's activities in the name of the 'open door', 'equal opportunity', 'joint aid for China' and 'Anglo-Japanese co-operation in China'.

"As long as Great Britain maintains this policy, she will find herself in conflict with the reawakening and development of Asiatic races, and promotion of international peace will be difficult unless Britain is willing to give a free hand to the activities of these races".

And the Hochi, another leading daily, underscored this view with an emphatic:

"Because of the restrictions upon Japanese goods in British Imperial markets, Japan must henceforth look to China as her chief market, thus emphasizing the fundamental differences of the interests of the two countries in China, and the difficulty of economic co-operation here".

\*\*\*

Sir Frederick had apparently himself realized the "fundamental differences" during his friendly chats with the Tokyo officials, for immediately on his arrival here he plunged into the whirlpool of Chinese politics and economics. Few personages, perhaps not even Lord Lytton, received so much suspicious attention from the Japanese press as befell Sir Frederick. He was successively reported by the Japanese newshawks as offering China a loan of \$30,000,000, \$100,000,000, and \$200,000,000 with China's railroad revenues as the collateral. He was pictured as utterly disillusioned with Chinese realities and ready to pack up and depart for foggy England. He was,

finally, depicted as the virtual Dictator of China's finances, aided and abetted by that group of wilful politicians known as the "pro-Occidental clique".

Two other events, taken in conjunction with Sir Frederick's mission, have become in Japanese eyes clear evidences of Albion's sinister Oriental designs. Brig.-Gen. F. Hammond was invited by the Chinese Government to study the condition of railways. When, on his return home, he stopped over in Japan to see Sir Frederick, the Japanese press put two and two together to splash a front-page sensation on John Bull's loan to China with the railroad income as the collateral.

The grant of a \$10,000,000 mining loan to the Nanking Government by the McBain Company was taken by the Nipponese as another indication of London's determination to block Sino-Japanese collaboration. As the loan was to be used to aid mining concerns in North China (one of which is owned by the McBain interests), the omnipotent Kwantung Army intimated, with a frown, that it would not permit encroachment upon its new northern empire.

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What was the exact nature of Sir Frederick's activities will probably remain a dark secret until he reaches the memoire age. It is, however, known that he continued to confer with the Japanese and American ambassadors here on a joint loan to China, and thoroughly discussed the matter with Nanking officials.

It is perfectly clear that Sir Frederick did not relish any undue hopes for Anglo-Japanese co-operation in China, after his Japanese experiences. In a press interview, soon after his arrival, he declared:

"I was assured by Japanese authorities that they desire a stable and prosperous China. They emphasized the difficulty of doing things with China and were frankly sceptical of the results of my investigations. They stressed that reform rested primarily with the Chinese people and Government.

"I am not in disagreement with them on this point. However, I believe that if China can comply with conditions, it is up to other countries, primarily Japan and Britain—because they have greatest interests here—to help China".

Asked if the Japanese authorities did not inform him of their vehement opposition to joint aid to China, he caustically replied:

"They advanced very stringent conditions which might be difficult for the Chinese authorities to meet!"

\*\*\*

With the "stringent conditions" in mind, Sir Frederick opened financial hosilities. The first blow to the Japanese was made at 11 o'clock on the night of Nov. 3, when after conferences with Sir Alexander Cadogan, British Ambassador to China, and Sir Frederick, Dr. H. H. Kung announced a series of drastic financial reforms.

It was immediately realized that with the yen and the Chinese dollar at virtual parity the

Nipponese trade was given a hard blow. Japanese exports to China grew by leaps and bounds as long as the yen hovered somewhere around the 80-cent mark. With the yen at par Chinese buyers may think twice before purchasing Nippon-made goods.

The King's Ordinance of the following morning, forcing Britons in China to conform with the provisions of the Nanking decree, merely served as a confirmation of the belief that London stood behind the Ministry of Finance. It also made it virtually certain that Great Britain would provide support to China in maintaining the dollar at the determined exchange level.

In effect, Nanking hitched its star to the sterling bloc. Sir Frederick won his first battle with the Japanese, by linking Nanking with London with ties of vital financial dependence.

Although on November 4, Sir Frederick emphatically denied that he was empowered to give loans to China, the Japanese Government, bankers and the press took Nanking's monetary ukase as Great Britain's declaration of war on Nippon.

The Foreign Office revealed that it would file vigorous protests with Nanking and London if the press reports of a £1,000,000 loan by Great Britain to China proved true. The granting of financial aid to Nanking by London, a Gaimusho spokesman added, was regarded as a serious obstacle to Sino-Japanese friendship.

High officials of the Finance Ministry, Foreign Office and the Yokohama Specie Bank (which dominates Japanese banking in China), agreed at an emergency meeting that Japan would not tolerate an independent British loan to Nanking, which would signify control of Chinese finances by London.

Minister of Finance Takahashi declared that if London gives aid to Nanking, it would result in the inclusion of China in the "sterling bloc", and signify the adoption of a new policy by the Whitehall. The statement was a gentle hint that Japan realized that Sir Frederick's latest moves

were a slight deviation from his previously professed yearning to collaborate with Japan.

The Japanese Embassy here indicated that the "Japanese authorities will see to it that the interests and rights of their nationals are fully protected". This, perhaps, may be a warning that Japan would demand concessions from London and Nanking.

Maj.-Gen. Isogai, Japan's loquacious military attache here, whose utterings are the constant delight of newspaper readers, declared that Great Britain's aid to China would have doubtful results, "contrary to the avowed British desire to increase the welfare of the peoples of Asia and particularly that of China".

The Anglo-Japanese combat is on. Britain succeeded in drawing the first blood, but with the Nanking Government under constant and powerful pressure from the neighboring islands, her future successes are not assured. Japan may now be persuaded of the benefits of joint aid to China, the Nipponese banks subscribing a portion of the loan to Nanking. On the other hand, the Army may decide to take a hand in the situation, with wholly unexpected,—and probably favorable to Japan,—results. Although the British banks here, backed by the City's billions, may help Nanking to weather any financial storm aroused by Japanese bankers, financial weapons are not the only ones in use in the Orient.

Japan may embark on a vigorous invasion of British markets the world over. She can "put the screws" on British interests in Manchuria, Japan and North China. She can launch a vicious shipping war. She can apply pressure upon the Chinese authorities. She can, by means known to every Foreign Office, create an autonomous movement in North China, leading to secession from the mother-country.

But whatever steps Nippon takes, one thing is certain,—Sir Frederick has undertaken an enterprise which may yet make the Oriental cauldron boil over.

L'OBSERVEUR

## Japanese Reactions on Attempted Assassination of Premier Wang Ching-wei

ON October 30, only two days prior to the opening of the fateful Sixth Plenary Session of the Kuomintang Central Executive Committee, the *Japan Advertiser*, American paper in Tokyo, published a *Nippon Dempo* dispatch from Nanking stating that the National Government "would completely fulfill the sensational Japanese demands in North China." Continuing, the Japanese report claimed that this action "appeared certain" in view of the decision of the Government and Kuomintang leaders "to avoid domestic unrest over the situation at all costs." Concluding, the *Nippon Dempo* correspondent alleged that the decision to comply with the Japanese demands had been reached at a meeting held late on the

preceding night at the residence of Gen. Chiang Kai-shek. Those present at the meeting, in addition to the Generalissimo, included Wang Ching-wei, president of the Executive Yuan and Foreign Minister; Gen. Yen Hsi-shan, veteran chairman of Shansi province; Tang Yu-jen, Vice-minister of Foreign Affairs and Chen Li-fu, influential leader of the Kuomintang.

This optimistic statement regarding China's alleged compliance with the Japanese demands in the North was in accord with another report from Shanghai (also by *Nippon Dempo*) which appeared in *The Advertiser* on the preceding day. This report claimed that Gen. Chiang Kai-shek feared

the general effect of a full and open discussion of Sino-Japanese issue at the Kuomintang meeting; hence it had been decided that no general discussion of these questions would be permitted; that Tang Yu-jen would merely present a report on the country's foreign relations and let it go at that. It was feared, stated the report, "that an exchange of views on the Japanese problem might take a direction not entirely in accord with the policy or wishes of the Nanking Government . . . the stand of the central authorities will be presented but its opponents will not be permitted to take the floor . . . Those who are expecting some new orientation of China's policy toward Japan at the Koumintang gathering are greatly disappointed at the decision . . ."

Then came the opening of the Kuomintang convention and the attempt on the life of Wang Ching-wei, shortly following the opening ceremony in which the Government leader, in the capacity of Chairman of the meeting, had delivered the inaugural address. Comment in the Japanese newspapers, previously so optimistic over the prospects for success of Japanese policy, suddenly changed. The following *Rengo* dispatch from Tokyo, delivered to the Shanghai newspapers, was typical of Japanese reactions both in China and in Japan,

Tokyo, Nov. 3. (*Rengo*). . . Serious concern was expressed today by local financial circles over the possible effects of the attack on Mr. Wang Ching-wei, President of the Executive Yuan, upon the movement for Sino-Japanese economic cooperation.

The assassins apparently sought to murder Government leaders suspected of pro-Japanese sympathies, the observers said, adding that the attempt may result in at least temporary setback to the rapprochement between the two nations.

The outrage, these circles asserted, occurred at a moment when the movement for collaboration was nearing materialization, despite numerous manifestations of hostility towards Japan and Manchukuo.

Should the repercussions of the attempt threaten the authority of Gen. Chiang Kai-shek, Chairman of the Military Affairs Commission, fresh difficulties may arise to hinder friendly relations between the two countries, financial observers declared. (*Rengo*).

This dispatch, symbolic of Japanese reactions to the Wang shooting, indicated the deep impression created in Japan by the Nanking incident. From this point the Japanese newspapers both in China and in Japan branched off into innumerable explanations and interpretations of the alleged motives of the assassin. The *Shanghai Nippo* (Nov. 2) attributed the attempt on Wang to "pro-European" and "pro-American" elements in the Government and Party. . . . "These people are trying to crush the influence of Mr. Wang Ching-wei who impedes the conclusion of an international loan, especially from Great Britain, and then secure friendship from London . . . So far as the financial difficulties of the Chinese Government are concerned, the anti-Wang groups are striving towards political and financial dictatorship." The Japanese paper concluded with the egoistical declaration, "Whatever group assumes control of the Government, the Chinese will be forced into

a deep crisis, if they do not recognize the leading role of Japan in this part of the World." In another comment the same Japanese paper attempted to place the blame for the attempt on the Premier on the so-called "Fascist" group "which is anti-Japanese, and which, ultimately will form a bloc with the Chinese communists and the Southwestern group in Kwangtung and Kwangsi . . . Japan would do well to pay serious attention to the attitude of Gen. Chiang Kai-shek . . ."

The original reports which *Rengo* and *Nippon Dempo* sent to Japan following the shooting attributed the motive to resentment over Mr. Wang's policies toward Japan. The *Rengo* report in the *Japan Advertiser* (Nov. 2) stated, "even if the life of the Executive Yuan head can be saved it will be impossible for him to return to his Government office . . . Hence, it is predicted that a drastic reorganization of the National Government will be inevitable following the sessions of the 6th Plenum of the 5th National Kuomintang Congress." Continuing, the report stated, "In the event the 'pro-Japanese faction' reportedly headed by Mr. Wang is relegated to the background in a new Nanking regime, serious apprehension is felt in some quarters concerning the future development of Sino-Japanese relations."

The other Japanese news service, *Nippon Dempo*, reported (*Japan Advertiser*, Nov. 2) "The motive for the attack is believed to be resentment at the Japan policy of Mr. Wang and the incident is regarded here as likely to mark a turning point in the Government's Japan policy."

A similar interpretation of the motive behind the attack on Mr. Wang appeared in the *Rengo* reports quoting reactions of Japanese officialdom. The Tokyo War Office spokesman declared that the attack on Wang "would not result in any modification of Japan's policy toward China . . . the struggle between the Southwestern clique and the Central Government, and the conflict between the pro-Occidental and pro-Japanese factions in the Government may have also been responsible for the unfortunate event . . . but the absence of Mr. Wang from the ranks of the Government will not change Japan's policy . . ." The spokesman of the Tokyo Foreign Office spoke in similar fashion: "The only reason for the crime . . . is the opposition of certain Chinese groups to Mr. Wang's attitude toward Japan and the Southwest." Officials of both War and Foreign Ministries were quoted in another *Rengo* dispatch as declaring, "There is no ground for optimism on the future of Sino-Japanese friendship, avowed by the Kuomintang and the Central Government, so long as there remained a group which regarded Wang's policy toward Japan as a demonstration of weakness and treachery." The *Shanghai Nippo* declared on Nov. 5 that if the wounded chief of the Executive Yuan "is unable to continue his role in the Government, it is probable that Gen. Chiang Kai-shek will be very much hindered in his work. . . . If Mr. Wang should not rise again, it is most probable that the Generalissimo would meet with much hindrance in his great task of unification. . ."



## BRITISH ASK ITALY TO REDUCE FORCES IN LIBYA

THE war in East Africa drags on, and in the end Ethiopia may find itself in the same position as China did as regards Manchuria—left in the lurch while the principal members of the League look out for their own interests. Signor Mussolini has evidently been studying ancient Roman history very carefully and is trying to emulate the conquests of the Caesars in the Mediterranean area. It is becoming more and more evident that his principal aim is something more than Ethiopia, which, would hardly serve the purpose of providing a reservoir for the rapidly growing Italian population. Mussolini's aim is apparently to supplant the British as the dominant power in the Mediterranean. In the words of Albert Viton writing from Florence in the *New York Nation* of Oct. 16, "Mussolini expects to place the Italian imperial lion on the cadaver of the British empire." There are, however, no indications that the British intend to retire. For instance on November 4 Great Britain intimated to Italy that two more Italian army divisions, totalling 34,000 troops, must be withdrawn from Libya before her Mediterranean fleet can be reduced. Baron Aloisi, it was indicated, will probably try to influence Signor Mussolini granduallly to yield to British requests in regard to the cessation of press outbursts against Great Britain and concerning a new withdrawal of Italian troops from Libya. The net result of the week's operations in Ethiopia is, as has been the case in all previous weeks, that the Italians have advanced their lines. A dispatch from Asmara, the Italian base in Eritrea, Nov. 5, stated that the Italian forces on the northern front have now firmly established themselves on a line commarding all approaches to the Agula and Sullo valleys. The fall of Makale, the next objective of the Italian columns on the northern front, is believed to be imminent.

### Nagano Doubts if Japanese Delegates Will Arrive in London for Opening Meeting

A doubt that the Japanese delegates to the London naval arms limitation conference could attend its opening session was voiced by Admiral Osami Nagano, chief delegate to the forthcoming pourparlers, in Tokyo Nov. 5. According a schedule made public in that date the delegation will leave Tokyo on Nov. 16 by way of Siberia and reach London on Dec. 1, the eve of the date set for the convocation of the meeting. "As we shall need four to five days to make our preparations, I doubt if we shall be able to attend the inauguration," he said.

Sixteen officials of the Foreign Office and the Ministries of War, Navy and Finance were formally appointed Nov. 5 to serve on the Japanese delegation to the naval disarmament conference. Among the appointees were Takahiko Kawashima, secretary of the Cabinet; Kiyoshi Yamagata, Kojiro Inouye and Shunichi Kase, secretaries of the Gaimusho, and Koshiro Uyeki of the Finance Ministry.

### Japan Sees Difficulties in Plan to Reorganize League

Spokesmen for the Tokyo War and Foreign Ministries expressed themselves Nov. 4 to the effect that they saw serious difficulties lying in the path of the projected transformation of the League of Nations into "a mere consultative body," reported as likely in a London press message. "The necessity for a reorganization of the world peace machinery has presumably been brought forward following the failure of the existing system to settle the Italo-Ethiopian dispute," a representative of the War Office said, adding, "However, we doubt if this reform can be carried out with ease."

### Italians Recruit Chinese Workers in Canton

A Hongkong dispatch to the *Sin Wen Pao* states that when the Italian authorities were stopped by the Hongkong authorities from hiring Chinese workers in said city the Italian authorities began hiring Chinese workers in Canton to be sent to Africa to assist in the armed clash there.

### Hidden Anglo-U. S. Pact on Ratio and Sanctions Is Rumored in Paris

A sensational Washington report to Paris alleging the existence of a secret Anglo-American understanding, trading American support for League sanctions with British support for the ratio principle at the London naval conference, was said by the Tokyo *Kokumin* Nov. 1 to have reached the Foreign Office from Naotake Sato, the Japanese Ambassador in Paris.

### Japan to Insist on Naval Parity

*Rengo* states that parity of naval armaments of the three Great Powers of the world will be demanded by the Japanese delegation at the naval disarmament conference opening in London on Dec. 2.

Other points to be sought by the Nipponese representatives will include:

A thoroughgoing reduction of naval armaments, in order to ensure world peace and alleviation of the financial burdens of the nations concerned; establishment of a common upper limit of naval strength at the lowest possible figure; adoption of an equitable disarmament formula based on simultaneous qualitative and quantitative reduction, through the abolition of offensive weapons.

These instructions, prepared by the Foreign and Navy Offices, have been formally approved by the Cabinet.

The Tokyo Government has announced the appointment of Admiral Osami Nagano, member of the Supreme War Council, and Matsuzo Nagai, former Ambassador in Berlin, as the heads of the Japanese delegation to the naval conference.

### Question of Jurisdiction Raised in National C. & S. Bank Liquidation

The question of jurisdiction was raised in a case against the Shanghai branch of the National Commercial & Savings Bank, Ltd., brought by Liang Pak-tong, at the First District Court Oct. 29. S. C. Lu, the liquidator of the Shanghai branch (appointed by the Ministry of Finance) was in attendance, but the plaintiff was absent. Dr. R. T. Huang (for the liquidator) produced a balance sheet of the bank certified by a chartered accountant, Wong Tse-kong, showing that assets more than offset liabilities. Books were also produced verifying the statement. Dr. Huang pointed out that the bank was incorporated under British laws in Hongkong, and registration with the Ministry of Industries was only as a branch office of a foreign corporation: also that according to the bankruptcy laws, in order that the local Court may take jurisdiction, the principal office of the bank must be in Shanghai. The Court asked Y. B. Liang, plaintiff's lawyer, why, since the Ministry of Finance had already appointed a liquidator at the request of petitioning creditors, he should ask the Court to appoint another? Counsel said he had made a mistake and asked to amend his petition. He also admitted that he had not obtained authority from his client to substantiate his representation.

### O. S. Lieu Insists on Resignation From C. M. S. N. C. Post

A second letter of resignation was sent by O. S. Lieu, manager of the China Merchants Steamship Navigation Company, and the Board of Directors of the Company to the Ministry of Communications Nov. 4. This action was taken after an urgent meeting of the Board of Directors a few days ago, when a few of the members returned from an investigation tour to Japan. According to well-informed circles, members of the Board of Directors and O. S. Lieu, the manager, are not insiting upon the resignation, but they are fighting for a concrete plan for the liquidation of the numerous loan obligations of the company. The *Sin Wen Pao* learned that because no action has been taken regarding these loans, and as the Ministry had not proposed any definite plans for the liquidation of these loans the C.M.S.M. officers decided to tender their resignation once more.

### Chinese Authorities Urged to Join Japan Against Communists

In view of the fact that a Communist invasion of North China may endanger the peace and order of Manchukuo and Japan, aside from North China itself, the Japanese authorities are urging Nan-king to take immediate united action with Japan and Manchukuo. The *Shanghai Morning News*, Nov. 4 said that it seemed that Japan and Manchukuo will independently take action against the Communist menace, if the Chinese authorities decline to do it.



## China Nationalizes-Impounds Silver---Inaugurates "Managed" Currency

THE Chinese Ministry of Finance has taken the inevitable step. It has placed China's finances on a paper currency basis and has started to impound the nation's supply of silver. In doing so China has merely followed the same course that more than a score of other countries followed during the past several years—nominally on a gold standard, notably the United States. The thing to be remarked is not that China has taken this step, but that it had had been able to hold out so long *without* taking it. But as Dr. H. H. Kung pointed out in a statement issued in Shanghai Nov. 3, the measure invoked by the Chinese Government on October 15, 1934, of imposing a duty and inaugurating an equalization charge on silver was only a temporary measure, for as time went on there was found to be a widening disparity between the domestic and foreign price of silver, partly due to the incidental extensive smuggling. The Chinese Ministry of Finance has announced that it will buy and sell foreign currency in any amount with a view to keeping the foreign exchange level of the Chinese dollar at about its present value. It had prepared itself for this step during the past month by making huge purchases of foreign exchange.

The close cooperation of the British and Chinese Governments in this matter of the decision of the latter government to take drastic action regarding the currency situation was reflected in the fact that hardly had the Chinese decision been announced than the British authorities made public (Nov. 5) a King's Regulation under the the Order in Council which *prohibited* British subjects firms or corporations from making payments in silver and providing for imposition of a prison sentence up to three months with or without hard labor and a fine not exceeding fifty pounds, or both, in case of infraction. The Regulation was signed by Alexander Cadogan, British Ambassador in China. Designed on the face of it to *prevent* Britons from paying out silver it is in reality designed to *protect* British banks and institutions from demands to pay out hard cash against notes or contracts in which payment in silver dollars of a certain weight or fineness is provided for.

Although the "low down" on the negotiations that took place between the British and Chinese Governments just prior to China deciding on the step of withdrawing silver from circulation is not yet available it would seem at first sight that the British have put one over on the Japanese in this matter. This is to be inferred from some of the Japanese newspaper comment. The *Shanghai Mainichi*, for example, saw in Nanking's monetary reform the hand of Sir Frederick Leith-Ross, British financial expert, and said that Japan's position in the Far East was ignored. "It is deep-

ly to be regretted," said the *Mainichi*, "that the scheme adopted is a step towards putting China under the economic control of the British." The *Mainichi* also expressed fears of inflation through the increased issue of paper notes and the flight of capital.

The Japanese (according to the *Shanghai Evening Post*), however generally seemed content with a rate of exchange which would put the dollar and yen at near parity, for Japanese exports to China have sufficient competitive advantage not to be harmed thereby while the Chinese export of raw materials to Japan would be aided.

It is to be noted in this connection that it was the huge withdrawals of silver from the banks in Shanghai during the past several weeks that hastened the introduction of the order to withdraw silver from circulation. There has in recent months been a steady drain of silver from the banks in the North—which was smuggled through what might be called the "twilight zone." It would be unfair to the Japanese military authorities to state that they encouraged their nationals to smuggle silver out of China, but it is nevertheless true that their manner of procedure made smuggling much easier there than in other parts of the country. The banks in the north were constantly drawing on Shanghai for silver to make up what the smuggling gangs withdrew from their coffers.

Akira Ariyoshi, Japanese Ambassador called on Dr. H. H. Kung, Minister of Finance, at the Bank of China Nov. 4 to ask for a detailed explanation of the financial measures that were announced on Sunday night. Definite news as to whether arrangements have been concluded between China and Britain for a loan are so far lacking. The sum of £20,000,000 has been mentioned in some of the dispatches in this connection. Mr. Ariyoshi characterized rumors that Britain had concluded such a loan agreement as "absolutely baseless" in an interview Nov. 5. "I personally do not believe that Britain acting alone would extend a loan to China, without Japan's consent," Mr. Ariyoshi said. The Japanese diplomat, however, revealed that Sir Frederick Leith-Ross, British governmental economic adviser now in China, had given him the outline of a plan for a loan to China during their frequent interviews in recent weeks.

Whatever the reason, there was, however, a sudden change in the tone of the telegrams from Tokyo in the short space of 24 hours. A *Rengo* message of Nov. 4 reported that high officials of the Foreign Office, Finance Ministry and the Yokohama Specie Bank had agreed that Japan would not tolerate the domination of Chinese finances by Great Britain. The Japanese officials

also reportedly expressed serious concern over the cooperation between Dr. H. H. Kung, Finance Minister, Dr. T. V. Soong, Chairman of the National Economic Council, and other leaders of the so-called "Pro-Western faction," with the British loan group. Yet on the following day *Rengo* reported that the crux of the policy formulated by the officials of the Foreign Office at a series of conferences Nov. 4 and Nov. 5 with bankers, businessmen and officials of the Exchequer was that Japan would not oppose a British loan to China, if its aims are solely to contribute to the stabilization of Chinese finances. She will however, oppose all loans of a political nature, which may lead to a international control over China's economy. The Tokyo dispatches went on to say that Japan will refrain from taking part in the current financial developments in China, although she will carefully watch the effect of Chinese currency measures on Japanese business, Gaimusho officials are reported to have decided. Officials at Tokyo further revealed that Sir Frederick Leith-Ross, Chief Economic Adviser of the British Government, and Sir Alexander Cadogan, British Ambassador in China, have approached the Japanese authorities in regard to a British loan to China. The Nanking Government was stated to have sought the assistance of Japanese business circles, officials disclosed. The Japanese Government is not in a position to guarantee the losses which may be incurred by Nipponese banks in China, should they be obliged to surrender their silver reserves to the Chinese authorities at a price below the world quotation, Gaimusho officials reportedly decided. In this respect, they declared, Japan cannot follow in the steps of the British Government, which apparently stands ready to reimburse British banks for their losses.

In connection with the present monetary situation in China it is to be noted that so far the British Government is the only one that has backed up the Chinese Government's move with appropriate legislation. An interesting point might arise if the subject came up for decision in some of the courts of other countries enjoying ex-territoriality. One can easily visualize for example that some American institution whose bonds or contracts call for payment of silver of a certain weight or fineness might sue another American firm or individual asking him to pay according to the letter of his contract; or a holder of a note issued by an American bank might ask for payment in silver. The case as it would come before the Court then would present itself in the light that the Court would be asked to enforce a contract which would be against the laws not only of this country, but which would be impossible in the United States itself. Whether the United States will also pass legislation to meet the situation the same as the British Government has done remains to be seen, but in all probability none will be necessary. The U. S. Supreme Court, it will be remembered, in a five to four decision decided that holders of contracts calling for payment in gold would have to accept paper currency.

#### SILVER FOR CURRENCY PURPOSES FORBIDDEN

*The following is a summary of the Mandate issued at Nanking Nov. 3 relative to currency reform.*

1. Commencing from November 4, 1935, the banknotes issued by the three Government banks, The Central Bank of China, The Bank of China, and The Bank of Communications, shall be full legal tender. Payment of taxes and discharge of all public and private obligations shall be effected by legal tender notes. No use of silver dollars or bullion for currency purposes is permitted and any contravention of this provision is punishable by confiscation of the whole amount of silver seized. Any individual found in illegal possession of silver shall be punishable in accordance with the Law governing acts of treason against the State.

2. Banknotes of issuing banks other than those of the three Government banks, which have received previous authorization by the Ministry of Finance shall remain in circulation, but the total outstanding banknotes of each bank shall not exceed the amount in circulation on November 3, 1935. The outstanding banknotes of these banks shall be gradually retired and exchanged for Central Bank of China banknotes within a period to be determined by the Ministry of Finance. All reserves held against the outstanding banknotes, together with unissued or retired notes of these banks, shall be handed over at once to the Currency Reserve Board. Notes in process of printing shall also be handed over to the said Board upon taking delivery by the banks.

3. A Currency Reserve Board created under special ordinance shall be formed to control the issue and retirement of legal tender banknotes, and to keep custody of reserves against outstanding banknotes.

4. Commencing November 4, 1935, banks, firms and all private and public institutions and individuals holding standard dollars, other silver dollars, or silver bullion, shall hand over same to the Currency Reserve Board or its agent banks in exchange for legal tender notes, at face value in the case of standard silver dollars, and in accordance with the net silver content in the case of other silver dollars or silver bullion.

5. All contractual obligations expressed in terms of silver shall be discharged by the payment of legal tender notes in the nominal amount due.

6. For the purpose of keeping the exchange value of the Chinese dollar stable at its present level the three Government banks shall buy and sell foreign exchange in unlimited quantities.

The following announcement of policy was made by Dr. H. H. Kung, Minister of Finance, at Nanking Nov. 3:

"With the abandonment of the gold standard in recent years by many leading nations, and the rapid rise in the world price of silver, China's currency has become seriously overvalued. There has been severe internal deflation, with growing unemployment, widespread bankruptcies, flight of capital abroad, fall in government revenues and an adverse balance of payments. For the three and a half months commencing July 1934, exports of silver amounted to more than 200 million dollars and it was evident that unless immediate measures were taken, the country would be drained of its silver stock. Accordingly, on October 15, 1934, the Government imposed a duty and an equalization charge on the export of silver, which by checking the rise in the exchange rate and the exodus of silver through legitimate channels, averted an immediate calamity.

It was, however, clear at the outset that the measure adopted could only be temporarily effective: as long as the value of the currency remained high, deflation would continue and with increased severity; should the value fall and create a wide disparity between the domestic and foreign price of silver—as in fact has happened—extensive smuggling of silver would result.

In order to conserve the currency reserves of the country and to effect lasting measures of currency and banking reform, the Government, following the precedent of many countries in recent years, has decreed, with effect from November 4, 1935, as follows:—

1.—The banknotes issued by the three Government banks, i. e., The Central Bank of China, The Bank of China, and The Bank of Communications, shall be full legal tender, and the banknote reserves of the three banks shall be placed under a unified control. The notes of all other issuing banks will continue in circulation, but will gradually be withdrawn and replaced by notes of The Central Bank. No new notes are to be issued by these banks and all their unissued notes as well as their bank note reserves are to be deposited with the Central Bank.

2.—All debts expressed in terms of silver shall be discharged by the payment in legal tender notes of the nominal amount due.

3.—All holders of silver are required to exchange their silver for legal tender notes.

4.—The exchange value of the Chinese dollar will be kept stable at its present level, and for this purpose the Government banks will buy and sell foreign exchange in unlimited quantities.

The Government-owned Central Bank is to be reorganized as the Central Reserve Bank of China and will be owned principally by banks and the general public, thus becoming an independent institution, devoting itself chiefly to maintaining the stability of the



nation's currency. The Central Reserve Bank of China will hold the reserves of the banking system and act as depository of all public funds and will provide centralised re-discount facilities for the other banks. The Central Reserve Bank of China will not undertake general commercial business, and after a period of two years will enjoy the sole right of note issue.

Measures have also been prepared for strengthening the commercial banking system and giving increased liquidity under sound conditions to the commercial banks so that they may have resources available to finance the legitimate requirements of trade and industry.

These measures will include the creation of a special institution to deal exclusively with mortgage business, and steps will be taken to amend the present legal code so as to improve the security of mortgage deeds.

Plans have been completed by which the National Budget will be balanced within a period of eighteen months. The Government is determined to avoid inflation and will take energetic measures to deal with speculation and attempts to bring about unwarranted increases in prices.

#### T. V. Soong Explains China's Currency Changes

T. V. Soong, Chairman of the Bank of China, in an interview Nov. 4 said:

"Looking back at the economic and financial situation that has existed in China during the past year and a half the announcement now made by the Government will be generally regarded as inevitable. Just as the large and increasing outflow of silver from China forced the Government to impose what amounted to an embargo on silver exports on October 15 last year, so the subsequent orgy of silver smuggling has made it necessary to seek some fundamental remedy for a state of affairs that has for some time past been sapping the vitality and destroying the confidence of our people . . .

"Those who have grown accustomed to the recent high value of the Chinese dollar in terms of foreign currency may, perhaps, be inclined to regard the level at which stabilisation is to be effected as low, but it may be pointed out that it was the average rate of exchange for the dollar for the five years from 1930 to 1934, before outside influences appeared to force up the level of China's exchange. It would be most unwise for the Government to attempt to stabilize exchange at an unnatural level, and, since stability rather than a particular rate of exchange is the all-important object to be achieved, the Government is to be commended for the realistic view it has taken of its responsibility. Exporters will feel that the level of exchange selected will enable them to maintain active trade. This will contribute greatly to the correction of the adverse balance of foreign payments which has been so harmful to the national economy. At the same time doubts will be removed as to the Government's ability to maintain practical exchange stability. In this connection it may be pointed out that the silver reserve against the banknote circulation, now rendered far more effective under centralised control, will provide more than one hundred per cent cover in terms of foreign currency.

"There are, however, already many districts in China where the people have, without demur, accepted such a system, because of their recognition of the need to prevent the outward smuggling of silver. Moreover, the country has, since October of last year, accepted a practical divorce of the currency from the world price of silver without any lack of confidence in the banknote circulation appearing. As the banknote circulation will be backed by ample reserves under centralised control, and as the Government has clearly indicated its strong opposition to anything in the nature of inflation, there should be no difficulty in maintaining a free circulation of the notes.

The measures taken for the unification of the note-issue, and for the reorganization of the Central Bank as a Central Reserve Bank, will be welcome by both the banks and the business community. Our banking system has always felt the need of a powerful bankers' bank, able to grant re-discount facilities to the commercial banks. The reorganized Central Bank, working independently and free from the effects of political chances, will now be able to supply this need."

### Regulations for New Currency Reserve Board

The Regulations governing the Currency Reserve Board created under special decree Nov. 4, were announced by the Ministry of Finance on the same date as follows:

Art. 1.—The Currency Reserve Board is specially created by the Ministry of Finance with a view to centralizing control over note-issue and consolidating the credit of the national currency.

Art. 2.—The Board shall be composed of the following members:

- (1). Three representatives of the Ministry of Finance.
- (2). Two representatives each of the Central Bank of China, the Bank of China, and the Bank of Communications.
- (3). Two representatives of the Bankers' Association.
- (4). Two representatives of the Native Bankers' Guild.
- (5). Two representatives of the Chamber of Commerce.
- (6). Five representatives of the various issuing banks specially designated by the Minister of Finance.

Art. 3.—The Governor of the Central Bank of China shall be concurrently Chairman of the Board.

Art. 4.—The Board may invite leading financiers, both Chinese and foreign, to serve as advisors.

Art. 5.—By order of the Executive Yuan, the Board shall have custody of reserves against outstanding legal tender banknotes, and control their issue and retirement.

The Board shall designate The Central Bank of China, The Bank of China, and The Bank of Communications as the depositories for the custody of the reserves against legal tender notes. The amount of reserves to be deposited in each is to be determined by the Currency Reserve Board, and reported to the Ministry of Finance for record.

Art. 7.—The Board shall inspect the depositories for the custody of bank-note reserves once a month, and publicly announce the kinds and amounts of note-issue and reserves, and report to the Ministry of Finance for record.

Art. 8.—The Board may employ a number of staff members to carry on its work.

Art. 9.—The Board may draw up a set of rules governing its routine work, and report the same to the Ministry of Finance for approval and record.

Art. 10.—These regulations shall come into force from the date of promulgation thereof.

#### MEMBERS OF THE BOARD:

The Currency Reserve Board will be composed of the following members:—T. V. Soong, Chairman of the Board of Directors of the Bank of China; Ching Kai-ngau, Deputy Governor of the Central Bank of China; Li Chio, General Manager of the Issue Department of the Central Bank of China; Shung Han-chang, General Manager of the Bank of China; Hu Pi-kiang, General Manager of the China and South Sea Bank; Tang Shou-min, General Manager of the Bank of Communications; K. P. Chen, General Manager of the Shanghai Commercial and Savings Bank; T. L. Soong, General Manager of the Manufacturers' Bank of China; Ho Tsung-hsiao, Chairman of the Shanghai Native Bankers' Guild; Chin Jun-ching, Chairman of the Joint Reserve Board of Native Banks; Chen Yung-ming, Assistant General Manager of the Joint Savings Society of the Yien Yieh, Kinchong, Continental and China South Sea Bank; Hsu Sing-loh, General Manager of the National Commercial Bank; Li Ming, General Manager of the Chekiang Industrial Bank; Tu Yueh-sheng, President of the Board of Directors of the Chang Wai Bank; Yeh Cho-tang, General Manager of the Ningpo Commercial Bank; Wu Ting-chang, General Manager of the Yien Yieh Bank; Chow Tso-min, General Manager of the Kinchong Bank; Yu Tse-ting, Chairman of the Shanghai City Chamber of Commerce; Wang Hsiao Lai, Chairman of the Provisional Municipal Council of Greater Shanghai; Hsu Kan, Administrative Vice-Minister of Finance.

#### Dr. H. H. Kung Concurrently Chairman of the Board

In accordance with Art. 3 of the Regulations governing the Currency Reserve Board, Dr. H. H. Kung, Governor of the Central Bank of China, has been appointed concurrently Chairman of the Board.

The Currency Reserve Board, created to control the issue of and retirement of the legal tender banknotes and keep custody of the reserves against the outstanding banknotes, was formally inaugurated Nov. 4.

Dr. H. H. Kung, Minister of Finance, who occupied the chair in his capacity as Governor of the Central Bank, made a brief address at the first meeting of the Board convened in Shanghai in which he hoped that all members of the new Board will exert their utmost to attain the important purpose for which the Board is created.

#### C. E. C. Session Ratifies Currency Reform Measures

The national currency reform measures submitted by Dr. H. H. Kung, were approved and ratified by the Sixth Plenary Session of the Central Executive Committee at its third general meeting held Nov. 5 under the chairmanship of Sun Fo, President of the Legislative Yuan, with over a hundred members of the C. E. C. and C. S. C. in attendance, including General Chiang Kai-shek. The resolution submitted jointly by General Feng Yu-hsiang and twenty other members, detailing measures for the salvation of the country, was discussed at the Session, after which the meeting decided to refer the same to the various Yuans and Commissions concerned for execution.

#### Financial Markets Inland Steady After Receiving Ministry Decree on Silver

Conditions of financial markets inland remained steady after receipt of the financial decree of the Ministry of Finance on the nationalization of silver, according to official reports received in Nanking by the Ministry of Finance.

To facilitate public transactions, the Ministry is learned to have instructed the three leading banks, the Central Bank, the Bank of China and the Bank of Communications, to issue more subsidiary notes.

#### Neither Inflation Nor a Paper Currency Policy

Kao Ping-fang, Director of the Department of Taxation of the Ministry, explained in a broadcast speech that the emergency

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# Vice President Garner and Party Receive Enthusiastic Reception in Shanghai

FOR the first time in history, a Vice President of the United States has visited Shanghai while holding office. Charles W. Fairbanks, who was Vice President during the second term of Theodore Roosevelt as President, visited Shanghai, but that was a year or two after his term of office had expired. Three Presidents of the United States have been visitors to China—but not during their terms of office; one of them came after his term of office had expired; two before they became President. General U. S. Grant, the winner of America's Civil War called at Shanghai in the course of a tour round the world, which he started almost immediately after giving up the reins of office in March, 1877. Herbert Hoover, the President before Franklin D. Roosevelt, served as a mining engineer in his younger days in North China, with the mining company which later became the Chinese Engineering & Mining Co., Ltd., in the formation of which he took a prominent part—a fact which it was attempted to make use of against him during the election campaign, but with little success. Shanghai was visited on two occasions by William Howard Taft, both times before he became President; the second trip was made while he was on his way to the Philippine Islands, he then being Secretary of War for the first Roosevelt. One of the principal speeches on American Far Eastern policy in by-gone days was made at the Astor House in Shanghai by Mr. Taft while he was Governor of the Philippine Islands. In said speech Mr. Taft paid a tribute to the thrift of the Chinese and implied it was that very thing that made it necessary to exclude them from the Philippine Islands. It is pertinent to mention this point at this time, having in mind the fact that the Vice Presidential party, the Senators, the Representatives and the many other notables are on their way to the inauguration of the first Chief Executive of the Philippine Islands, the government of which will have as one of its major problems this matter of Chinese exclusion.

## Vice President Sends Message to Chinese Nation

John Nance Garner, Vice-President of the United States, and the large party of Senators, Congressmen and other notables that accompanied him received an enthusiastic welcome in Shanghai, both from the foreign, (particularly American,) and the Chinese community. The reception from the Chinese side was somewhat marred by the fact that the murderous attack on Wang Ching-wei coincided with their visit. One of the last things that Mr. Garner did before sailing for the Philippines was to send a message to the Chinese nation to the following effect:

"On behalf of my Government and of the Congressional Delegation on its way to the Philippine inauguration, I desire to express profound gratitude to the Chinese people who through their representatives have shown such great hospitality to us today. Particular thanks are due to His Excellency Finance Minister H. H. Kung and Mayor Wu Te-chen of Shanghai for their delightful luncheon and tea on our behalf.

"These have given us new insight into the kindness of Chinese heart and have firmed our sense of the cordiality of the relations that have so long existed between the people of the United States and those of the great Chinese Republic. Our regret at the brevity of our present stay here is ameliorated by the realization that we shall have the pleasure of renewing and furthering our acquaintance with China on our return journey from the Philippines.

JOHN NANCE GARNER."

The Vice-President proved, however, to be a hard man to interview, as Shanghai newspaperman found out. He told the group of interviewers who tackled him at the U. S. Consulate General Nov. 2, "I'm only the junior member of the firm, Roosevelt and Garner. The senior partner does all the talking. "Mr. Garner's taciturnity was reflected by nearly every member of the party which came here on the *President Grant* Nov. 2 on its way to Manila to attend the inauguration ceremonies there on Nov. 15. Another group of reporters had tackled the Vice-President before 7 a.m. on board ship. Among the group was a woman who told him she represented a Russian newspaper. The fact that Shanghai had Russian newspapers seemed to surprise him. About the nearest thing to an opinion about anything the newsmen got from the Vice-President was that he had enjoyed himself in Japan and that whatever he had to say on the subject of the Philippines would be contained in a speech which he would deliver after his arrival in Manila.

The welcoming delegation at the Customs Jetty was headed by Ambassador Nelson T. Johnson and Edwin S. Cunningham, Mr. Garner, Joseph W. Byrns and Colonel John C. Beaumont took the salute of a large Marine guard of honor while the band played the "Star Spangled Banner" at the landing."

Joseph W. Byrns, Speaker of the House, received the welcoming delegation, at 8 a.m. aboard the s.s. *President Grant*. Senator William H. King, prominent silverite, held a large audience with his discussion of America's silver policy. Senator Robert R. Reynolds, mentioned as a presidential candidate for the 1940 elections, spoke highly of the present incumbent and prophesied a bright future for the new Philippines Commonwealth.

The party had its headquarters at the Cathay Hotel, but left soon afterwards for Mayor Wu Te-chen's tiffin at the Civic Centre, one of a number social functions which terminated only a few hours before the *President Grant* sailed at 3 a.m. Nov. 3. At the tiffin, Mayor Wu spoke of his pleasure at welcoming the party, while the Vice-President responded suitably.

A tea and reception given by Dr. and Mme. H. H. Kung at the Paramount Ballroom was one of the most lavish social functions of its kind in recent years. Attractive program's were presented to each guest. The entertainment included Chinese classical music by the Shiao Chao Amateur Musical Club, a clever tap dance by the little Misses Joy Blackwood and June Summers Chen. Classical drama was rendered by Mei Lan-fang.

Except for certain press representatives, the whole party will depart from Manila Nov. 20 on their return trip by the *President Jefferson*, another American Mail liner whose home port is Seattle. The vessel will arrive in Shanghai on Monday, November 25, and will sail the following day. William Allen White, noted editor of the *Emporia (Kansas) Gazette*, will stop off here and go to Peiping with Mrs. White. Other newspapermen who have separated from the party here were Frederic Nelson, of the *Baltimore Sun*, and Donald Sterling, representing the *Portland (Oregon) Journal*, who stayed over here for several days and proceeded to Manila by a later boat.

An eight-page newspaper entitled *The Grant Gazette* (published as a special number of *American Mail Line News Flasher*) was issued in Shanghai Nov. 3 and distributed on board just before the s.s. *Grant* departed for Manila. A prominent feature was a description of the festivities which are to take place in Manila on Nov. 15. In the editorial column appeared, "Our Common Aims," by William Allen White, Editor, *Emporia, (Kansas) Gazette*; and "Both for the Happiness of Mankind—The Lesson of History," by Clark Howell, Editor, *Atlanta Constitution*.

## Four Members of Congressional Party Suspected of Espionage in Japan

Suspicion of espionage fell upon four members of the party of American Congressmen when they arrived in Japan, the *Japan Advertiser* reported Oct. 29. On the basis of reports that occupants of one of the motorcars furnished for the party had taken photographs in the fortified zone near Kanazawa, a short distance from Yokosuka, the gendarmerie at Yokosuka summoned the chauffeur for examination. Members of the party had been driven to Kamakura in 30 motorcars furnished by the Ford Company of Japan. The gendarmes were told that the car with license plate No. 5448 had stopped in the fortified zone while its occupants took photographs. The chauffeur was thereupon summoned for examination. The motorcar in question carried Bert Lord, Representative elected from the 34th District in New York, and Mrs. Lord; and Santiago Iglesias, resident Commissioner from Puerto Rico at Washington, and Mrs. Iglesias.

# Japanese Use Bolshevik Bogey to Cover North China Aggression—Demands Reported Accepted

Recent articles in the Japanese newspapers stated that the Japanese military authorities stationed in North China have the policy of attacking and exterminating General Chiang Kai-shek's Sino-Soviet combined work from the standpoint of prevention of sovietization and it was expected that the Japanese military authorities would adopt "timely and effective steps" in this connection. It was recorded that the Chinese Communist Party under the guidance of the Hopei representative of the Third International had called a meeting of the representatives of the branches of the provinces in North China at a certain place in Peiping on Oct. 18 with one of the guiding officials of the Third International in Hopei, presiding. Some 16 men representing Hopei, Shantung, Chahar, Peiping, Tientsin, and Tsingtao were present to discuss extension and strengthening of the fighting lines through Sino-Soviet co-operation. On said occasion the International official mentioned the following message which General Chiang Kai-shek had allegedly given General Chang Hsueh-liang to be delivered to Chang Kuotao, chief of the northwest revolutionary committee, on October 4:

1.—The Chinese Government Army should halt the Communist suppression expedition and adopt a policy of co-operation toward North China.

2.—The Communist party's activities in Hopei are to be rendered free and no arrest of Communists shall be made.

3.—A joint front be made against the Japanese Army.

4.—China to give tacit recognition to concentration of the Hopei Communist Party at Peiping, Tientsin, Shantung, Siuyuan, and Tsingtao.

The Soviet Communist leader allegedly said that under these circumstances the northwest military action should be halted for some time and efforts be concentrated on Hopei.

The following resolutions were then allegedly adopted:

On November 7, the day for celebration of the Soviet Revolution Memorial Day, a demonstrative movement is to be conducted in all Hopei and a movement started to oppose Japan's aggression in Hopei; propaganda to be started among the populace so that a movement may be started by the populace for recovery of the Japanese Concessions in Tientsin and other cities; property possessed by Japan in Hopei to be seized; Japan to be forced to withdraw her North China troops, destruction of Manchukuo to be aimed at; and all workmen in the demilitarized zone are to be instigated to destroy the iron bridge over the Lwanho belonging are the Peiping-Mukden Railway.

## Japanese Military Authorities Want Conclusion of Pact With China for Anti-Sovietization

"In view of the fact that sovietization efforts are being made steadily in North China," the Japanese military authorities stationed in China have decided on the policy of urging the Chinese authorities in North China for joint defense against sovietization.

*Rengo* Oct. 28 stated that General Shang Chen, chairman of the provincial government of Hopei, had expressed his wholehearted approval of the decision of the Japanese military authorities in China to propose joint defense against sovietization. *Rengo* added that General Chiang Kai-shek refused to accept Japan's proposal for joint anti-Communist defense, and it was regarded likely that the political situation in North China would develop a great change. The same Japanese authorities are stated to be determined to demand of General Chiang Kai-shek conclusion of a military agreement from the standpoint of joint defense against sovietization.

## Nanking Leaders Divided Regarding North China Measures

A *Rengo* despatch from Nanking Oct. 29 said: A tense atmosphere enveloped the Nanking Government Oct 29 as the protests from Consul-General Kawagoe and Commander Tada were received. The Nanking leaders immediately discussed counter-measures to be taken.

The leaders taking part in the discussion included General Chiang Kai-shek, General Yen Shih-shan, Wang Ching-wei, Sun Fo and Dr. H. H. Kung. The leaders, however, were divided in their views, some favoring a firm stand against Japan and others opposing it.

Finally the decision was made to instruct the organs on the spot to act with caution as a temporizing measure. The Nanking Government authorities fully consider that Japan's latest communication constitutes a definite joint demand of the Japanese Army and Foreign Office, and that should China refuse it, serious results might follow.

## Hopei Officials Reply to Kawagoe's Warning Accepting Demands

Four highest officials of Hopei Province Nov. 1 replied to the warning made to them on Oct. 29 by Shigeru Kawagoe, Japanese Consul-General at Tientsin. Replies from Gen. Sung Cheh-yuan, Commander of Peiping and Tientsin Garrison; Gen. Shang Chen, Chairman of Hopei Provincial Government; and Cheng Keh, Mayor of Tientsin, pleaded the extermina-

tion of anti-Japanese elements within their jurisdictions. The only reply which was considered as unsatisfactory by the Japanese authorities came from Yuan Liang, former Mayor of Peiping, who on the same day formally transferred his office to Gen. Sung. Gen. Shang's reply said that instructions had been sent by him to all the provincial magistrates to put an end to the anti-Japanese movements in their districts. Responses from these officials, Gen. Shang's reply said, have shown that all anti-Nipponese elements had been rooted out.

Under the instructions from General Ho Ying-ching, Minister of War in Nanking, Gen. Pao Wen-yue, acting chairman of the Peiping Branch Military Council, arrested more than 100 persons in the Peiping area. Nien Kuang-yao, executive member of the Tientsin Chamber of Commerce, and Li Ming, chief of the Social Affairs Section of the Municipality were among those arrested on suspicion of being Blue Shirts. Wang I-chi, director of the Newspaper Censorship Bureau, was also questioned. Simultaneously with the arrest of Mr. Nien, the Chamber was ordered dissolved on the grounds that it engaged in anti-Japanese activities.

A circular order requiring the suppression of all organizations detrimental to friendly relations between China and Japan was issued Nov. 2 by the Peiping Branch of the Military Affairs Commission with a view to dispelling rumors and settling the minds of the people at ease.

## Nanking Refutes Japanese Papers Charges on Liu Murder

Responsible circles in Nanking Nov 5 refuted the charges of Japanese newspapers in Tientsin and Shanghai alleging that the Peiping Branch Military Council was involved in the Luanchow incident last August when Capt. Liu Tso-chow, a commander of the peace preservation corps, was murdered at the Tangshan station and a Japanese was wounded by a stray bullet.

The demands made in the Japanese Note to Gen. Shang Chen and other Chinese officials in Peiping and Tientsin, included the following five demands:—

1. The abolition of the Peiping Military Council within three days:

2.—The dismissal of Col. Yuan Liang, Mayor of Peiping:

3.—A formal apology from Gen. Shang Chen to the Japanese over the Luanchow incident and compensation for the relatives of Captain Liu Tso-chow, of the Peace Preservation Forces (who was killed), as well as for the Japanese gendarmes who were wounded:

4. An extension of the Demilitarized Zone to include five more hsien, namely, Hsiangho, Changping, Wuching, Paoti and Ningho:

5.—The arrest of active anti-Japanese elements and Blue Shirts.

As to the fifth demand, the Japanese states that they possess the names of these people and, if the Chinese do not take action, they (the Japanese) would arrest them themselves.

## Gen. Sung Che-yuan Takes Over Concurrent Post as Mayor of Peiping

Gen. Yuan Liang, Mayor of Peiping, resigned Nov. 3. He handed over almost immediately to Gen. Sung Che-yuan, Garrison Commander for Peiping and Tientsin Area, who was appointed concurrently Mayor of Peiping.

## Secret Organizations Stated to Have Been Abolished in North China

In compliance with the Japanese demands, the Chinese authorities were reported to be endeavoring to suppress the activities of secret organizations aiming at hostilities against Japan and Manchukuo. It is reported that almost all of the Blue Shirts and those elements closely connected with the Kuomintang have been arrested. Simultaneously with the dissolution of the Chamber of Commerce at Tientsin, Bien Kwang-yao, a member of Chamber, was arrested.

## North China Peasants' Self-Salvation League Organized in Tientsin

The appearance of a "North China Peasants' Self Salvation League" organized in the Japanese Concession in Tientsin has caused much alarm among the local populace.

## Japanese Troops Stage Military Maneuvers in North China

In the early hours of Nov. 5 detachments of the Japanese garrison in North China proceeded from Tientsin in the direction of Peiping for military maneuvers. The first sham battle was fought in the vicinity of Changhsintien on the Tientsin-Peiping Railway Nov. 6. The following morning another mimic combat was staged in the environs of Tientsin.

# Wang Ching-wei Survives Attempted Assassination; C.E.C. Session Closes After Five-Day Sitting

## HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. Executive Yuan President Shot Three Times in Attempt on His Life.
2. Sun Feng-min, Would-Be Assassin of Wang, Succumbs to Wounds.
3. Attempt on Wang's Life Will Not Affect Japan's China Policy.
4. Important Resolutions Adopted at C.E.C. Sixth Plenary Session.
5. Chiang Tso-pin Returns to Report on Sino-Japanese Relations.
6. Two Nanking Emissaries Arrive at Canton on Rapprochement Mission.
7. Japanese Demand Resignation of Peiping Mayor and Abolition of Military Council.
8. Japanese Military Freely Make Arrests of Chinese in North China.

have been made tending to support the theory of red inspiration for the attack. General Chiang Kai-shek, who was in the auditorium of the Central Party Headquarters at the time of the shooting, escaped possible injury or death, as, had he been with the group, he would doubtless have been standing next to or near Mr. Wang.

When the photo had been taken and the members were returning by the Auditorium, the assailant suddenly emerged from the crowd, whipped out a revolver hidden in his spring overcoat, and fired at Mr. Wang. Chang Chi, a veteran leader of the Kuomintang, bravely ran towards the assailant and caught him from behind, but he was unable to prevent Sun from firing some more shots. General Chang Hsueh-liang came to Mr. Chiang's aid. He closed with the would-be assassin, gave him a severe kick, bringing him to the ground, and disarmed him. The motive for the attack has not yet been definitely established but it is believed that the would-be assassins were inspired by Mr. Wang's alleged



Just before the attempted assassination of Premier Wang Ching-wei.—This picture of high governmental and Kuomintang party officials was taken on the steps of the Sun Yat-sen Memorial early on the morning of Nov. 1, following which the delegates proceeded to the Central Kuomintang Building where the inaugural meeting was held and where Wang Ching-wei was shot and dangerously wounded as another group picture was being taken. Premier Wang is shown wearing foreign-style clothing slightly to the right of the center of the picture. Next to him on the left is Lin Sen, President, and on the right of Mr. Wang is Yu Yu-jen, venerable party leader. Gen. Chiang Kai-shek is standing fourth from the right, wearing military uniform while Gen. Yen Hsi-shan, head of Shansi province, is also wearing military uniform and standing nearly in the center. Marshal Chang Hsueh-liang is third from the right in the second row.

Wang Ching-wei, President of the Executive Yuan and concurrently Minister for Foreign Affairs, was shot and seriously wounded by three armed assassins on Nov. 1. Struck by three bullets, one of which pierced his left lung, Mr. Wang, with blood streaming from his mouth, was picked up by General Chiang Kai-shek and rushed to the Central Hospital, where an operation was immediately performed. Besides Mr. Wang and the assailant the only other person injured was a servant of the party headquarters, who was hit by a stray bullet in the leg, but his condition is not serious.

The attack occurred shortly after 10 a.m. Nov. 1, when Mr. Wang and other delegates attending the Sixth Plenary Session of the Central Executive Committee of the Kuomintang were posing before cameramen for a group picture. The ringleader of the assassin gang, who turned out to be Sun Feng-min, a reporter attached to the *Chen Kwan News Agency*, was shot down and seriously wounded by bodyguards while his two confederates, who escaped into the Central Kuomintang headquarters, were later over-powered, one of them by General Chang Hsueh-liang. A well-organized communist plot is believed to be behind the attempted assassination of Mr. Wang following examination of Sun, who formerly was a sergeant in the 19th Route Army of the Shanghai "war." Many arrests

"pro-Japanese policy, according to a *Reuter* report.

Immediately after the occurrence of the incident, the *Chen Kwan News Agency* was raided by police. Nobody was found there but scraps of burnt manuscripts were discovered in a stove which were taken to the police headquarters, together with bundles of correspondence, for examination. According to a spokesman of the Central Party Headquarters, stricter precautions were taken this time in the issue of passes to press representatives than on previous occasions. But even these precautions did not prevent the assassin from his attempt. It is said that newspaper representatives applying for a pass to the meeting must submit their photos and when entering the auditorium their passes and pictures were carefully checked and they must sign their names. Sun, the would-be assassin, was not able to get a pass until the very morning of Nov. 1 and he was not seen to enter the auditorium before the dastardly outrage was committed.

## ASSASSIN DIES OF WOUNDS

Prior to his death, Sun Feng-min was subjected to a grilling examination, which lasted hours, Nov. 1. At midnight he was noticed to be sinking rapidly, so the doctors injected a stimulant in order that the questioning may be continued. Shortly after midnight, however, he refused to answer ques-



tions, stating that he was suffering from a severe headache, and he died at 3.45 a.m. Nov. 2. The police found opium hidden in his clothing, indicating that he intended to commit suicide if caught. The assailant claimed that the attempt was purely motivated by himself, and was not directed by any others. He said that Hu Yun-ching and Ho Po-kwan, the director and editor respectively of the *Chen Kwan News Agency*, with which he was connected, left Nanking at midnight by train on Oct. 31.

According to confessions made by the assassin as revealed to a *Central News Agency* representative by General Chen Tsoa, Commissioner of Metropolitan Police, Sun Feng-min is a native of Chuchow, Anhwe, and 31 years of age. He had been connected with the 19th Route Army and also commander of a company of machine-gunners in the 12th Division of the Fukien Army. The *Chen Kwan News Agency* was established in Nanking in October last year, with Hu Yun-ching as Director and Ho Po-kwan as Chief Editor. The three of them, so far as investigations made show, were connected with the Communists. The automatic pistol which Sun used was made in Spain and was supplied to him by Hu Yun-ching. The press pass, No. 63, was obtained for him at the Central Publicity Committee by Ho Po-kwan. When police raided the premises of the news agency, nobody was found and everything important had been carried away, except a brief note on one of the desks saying: "To Whom It May Concern: This affair of the news agency has no connection with Messrs. Kuo Chih-mo, Wu Huang and Chow Hsi-ling."

After a careful examination of the would-be assassin, the Metropolitan police headquarters issued an official bulleting in the night of Nov. 1 stating that the attempt on President Wang's life was a well-organized plot of the Chinese Communists. Besides Sun, the principal assailant, a girl suspect has been arrested. Named Wang Li-wen and a reporter attached to the *Chiang Huo News Agency*, she is young and pretty and speaks fluent Russian. She was formerly a member of the Chinese Communist Party but recently pledged her loyalty to the Kuomintang.

#### WANG'S CONDITION SHOWS STEADY IMPROVEMENT

Following a successful operation by doctors of the Central Hospital, assisted by W. L. New, the noted orthopedic surgeon, who was specially summoned from Shanghai in the afternoon of Nov. 1, the bullet which pierced Mr. Wang's left check has already been removed, but the bullet in his back rib has not been extracted. The bullets, it was found out, were of lead, not steel. According to doctors attending, the life of President Wang is now out of danger. Mr. Wang passed a comfortable night, Nov. 2, and his condition was described "satisfactory." The stitches in the wound in his left check were removed at 8 a.m. Nov. 4, when his temperature was 37, his pulse 32 and respiration 18. Following a close examination during the last two days, three of the persons taken into custody on suspicion of being implicated in the attempt to assassinate Mr. Wang, were released on bail at midnight Nov. 4. Seven others, however, are still being detained by the authorities.

Mr. Wang's personal physician, Dr. K. Noll, arrived at Nanking by airplane from Paotau, Suiyuan where he had been on a hunting trip, and will stay in the Capital for further consultation.

Mr. Wang made further progress towards recovery after spending another peaceful night Nov. 4. His appetite is said to have greatly improved. Besides chicken broth and orange juice, Mr. Wang's food now consists also of spinach and sago congee. When high government officials called on him, Mr. Wang talked more freely and briefly inquired about the progress of the Sixth Plenary Session. The swollen part on his left check has half subsided and his left eye is able to open and close without pain.

#### EYE-WITNESS ACCOUNT OF CONVERSATION BETWEEN MR. AND MRS. WANG AFTER SHOOTING

An eye-witness account of what actually happened immediately following the attempt on President Wang Ching-wei's life, and the calmness displayed by Madame Wang throughout, is given by Tseng Chung-ming, Political Vice-Minister of Railways and a close adherent of President Wang,

in an interview. When shown the report of *Reuters* on the incident on Nov. 1, which alleged that Madame Wang was, during the critical moments after the shooting, "firmly confident that her husband will not die," and reported that she declared that "If my husband were destined to die in the cause of the Chinese Revolution, he would have died 27 years ago, when he went to Peiping to kill the Prince Regent and was arrested himself." Mr. Tseng said that *Reuters*' report was not quite in accord with the facts.

Mr. Tseng then related what actually occurred at the scene of the attempted assassination as follows:—

"When Mme. Wang heard the shooting, she rushed from the first story of the Central Party Headquarters building to the spot where President Wang was lying. The latter's face was then covered with blood but he was conscious and his voice was clear.

"When he saw Mme. Wang, he held up his wounded head with one hand and said to her:

"I have been wounded by five shots. I believe I shall die. But I have not the least regret to die for the Revolutionary Party."

"He also said to Mme. Wang, 'You and I have fought for a common cause and suffered together for more than 30 years: I do not regret to die either. I have made no will.'

"Mme. Wang then replied: 'All human beings must die once. If misfortune is inevitable to us Revolutionists, I will continue to fight for the Revolution nevertheless. If you can avoid death, you may continue the struggle; but if you die, it is but the natural end of us Revolutionists.'

"At this moment, General Chiang Kai-shek had already come up to President Wang and supported Mr. Wang's head with his hands, facing Mme. Wang. General Chang Hsueh-liang, Dr. Chu Min-i and Minister Chen Kung-po were also gathered around Mr. Wang.

"Mme. Wang then said to Mr. Chen Kung-po: 'This is no time for weeping. Make haste to call the doctors, notify my sons and daughters but not my mother.'

"Mr. Wang was, after a little while, rushed to the hospital escorted by Madame Wang, General Chiang, and myself," Mr. Tseng concluded.

Vigorous attacks are being made by the Japanese newspapers in Shanghai on the British *Reuters Service*, which in an earlier report in connection with the attempted assassination of Mr. Wang stated "Nothing was definitely known except that the assailant is a Japanese." The Japanese newspapers demand the suppression of the *Reuters Service* for this erroneous reporting and the Japanese Street Union Committee held a meeting on Nov. 4 in connection with the matter and is said to be prepared to lodge a protest with the British agency.

Dr. H. H. Kung will be put at the head of the Government in the capacity of acting President of the Executive Yuan within the next month, according to a report in *Shanghai Mainichi*. Dr. Kung will probably be appointed to this office by the Sixth Plenary Session of C.E.C. and the Fifth National Congress of the Party and Dr. T. V. Soong will be urged to take the chair as Minister of Finance. The Japanese paper further reports that Nanking is seeking a successor to Mr. Wang as the Foreign Minister. The offices of Minister and vice-Minister of Railways, and Communications will be changed.

The South-west Executive Committee and the South-west Political Council at Canton have despatched a joint message to Nanking expressing deep sympathy with President Wang Ching-wei and the other victims of the shooting outrage in Nanking Nov. 1. The news of the outrage caused intense excitement among the leaders of the Canton Government.

#### ATTEMPT ON WANG'S LIFE WILL NOT AFFECT JAPAN'S CHINA POLICY

The attempt on the life of Wang Ching-wei will not result in any modification of Japan's policy towards China, a Tokyo War Office spokesman declared Nov. 2. The absence of Mr. Wang from the ranks of the Government will not change Japan's policy, the spokesman added.

"Since Mr. Wang was directly engaged in the readjustment of Sino-Japanese relations, we cannot but sympathize

with him. At the same time, we urge the Chinese authorities of the causes of the crime, so as to avoid recurrence of evil," the Army official continued.

Little change in China's internal or external policies will be caused by Mr. Wang's temporary enforced absence from posts of Foreign Minister and President of the Executive Yuan, Japanese governmental circles believe, a survey of official opinion in Tokyo revealed.

Rigid observance of Sino-Japanese co-operation on the part of the Nanking Government will be sought by Japan, despite any changes that may follow the attempt on the life of Wang Ching-wei. This comment was made Nov. 1 by a spokesman of the Foreign Office in one of the few official reactions to the news that stunned all Japan. The reshuffle in the ranks of the Central Government and the Kuomintang, which might follow the attack on Mr. Wang, may seriously menace the adjustment of Sino-Japanese relations, the spokesman added. However, as far as the Japanese Government is concerned, he pointed out, there could be no change in the accepted fundamental policy towards China.

General Chiang Tso-pin, Chinese Ambassador to Japan, who arrived at Nanking morning Nov. 5, visited Wang Ching-wei at the Central Hospital. He expressed great pleasure on learning that Mr. Wang was continuing to make good progress towards recovery. Closer understanding in regard to the settlement of Sino-Japanese issues has been reached as a result of his repeated conferences with Japanese diplomatic authorities before his departure from Japan, declared General Chiang. The questions between China and Japan, General Chiang continued, could only be settled on the basis of sincerity and equality. Both countries should adopt a most favorable attitude towards each other and should give the respect to each other's sovereignty.

#### MESSAGES OF SYMPATHY RECEIVED FROM MANY QUARTERS

The dastardly attack on Wang Ching-wei, the Chinese Prime Minister, is prominently featured in all the evening newspapers in London. Nov. 1. All circles interested in China are deeply shocked at the outrage. They unanimously pay a warm tribute to Mr. Wang's high, disinterested character, his patriotic labors for his country, and his tactful maintenance of a balance between the civil and military elements in the Nanking Government. It is pointed out as cruel paradox that he was obviously the victim of a pro-Japanese policy for which it is generally believed he was not personally responsible.

Viscount Cecil, President of the League of Nations Union, expressed deep sympathy and warm hopes for Mr. Wang's recovery when interviewed by *Reuter*.

Lord Lytton, head of the League mission which went to Manchuria to investigate the Mukden incident of September, 1932, paid the following tribute to the Chinese Premier:

"I knew Mr. Wang Ching-wei well. He always took the chair at the meetings of our commission in Peiping and Nanking. He was remarkably lucid and clear-sighted, and handled the meetings in an excellent manner.

"I frequently met him privately and was greatly struck by his personal charm and ability, his convincing sincerity, and his devotion to the development of a constitutional government in China. He is unquestionably a great man and a patriot. I grieve to hear of the dastardly attack, and I sincerely hope he recovers both for his own sake and for the sake of China."

The news of the attempt on the life of Wang Ching-wei is causing profound indignation in official circles in Berlin, where it is pointed out that Wang Ching-wei has always been a firm friend of Germany and has repeatedly given expression of his sincere sympathy for Germany's struggle against adversity as well as to his admiration for her renaissance within recent years.

A large number of telegrams expressing sympathy and inquiry about President Wang Ching-wei's condition have been received by the Ministry of Foreign Affairs from the various foreign envoys in China.

K. Hirota, Japanese Foreign Minister, has instructed the Japanese Embassy to convey his sympathies to President

Wang Ching-wei and his hopes for his speedy recovery. The Japanese Emperor also despatched a message of sympathy conveyed through the Japanese Consul-General at Nanking.

Cordell Hull, Secretary of State of the United States Government, was also learned to have instructed the American Embassy to convey his sympathy concerning Mr. Wang's condition and his sincere wishes for an early recovery.

#### SIXTH PLENARY SESSION CLOSES AT NANKING AFTER 5-DAY SITTING

The Sixth Plenary Session of the Fourth Central Executive and Supervisory Committees of the Kuomintang was formally inaugurated in Nanking in the morning of Nov. 1 at the Central Party Headquarters auditorium in the presence of more than 600 government and Party officials. The Session remained in sitting for five days and was closed in the morning of Nov. 6. The opening ceremony of the Session was presided over by President Wang Ching-wei of the Executive Yuan and attended by the following members:

#### MEMBERS OF THE C.E.C. (52)

|                 |                |                |
|-----------------|----------------|----------------|
| Chiang Kai-shek | Wang Ching-wei | Sun Fo         |
| Tai Chi-tao     | Ho Ying-chin   | Chen Kuo-fu    |
| Yeh Chu Tsang   | Chu Pei-te     | Wu Te-chen     |
| Yu Yu-jen       | Ho Cheng-chun  | Wang Po-ling   |
| Shao Yuan-chung | Chu Chia-hua   | Chang Chun     |
| Liu Chih        | Chou Chi-kang  | Chen Li-fu     |
| Chen Chao-ying  | Tseng Yang-fu  | Fang Chio-hui  |
| Wang Fo-chun    | Li Wen-fan     | Yen Hsi-shan   |
| Li Lieh-chün    | Po Wen-wei     | Tan Chen       |
| Wang Fa-chin    | Chen Kung-po   | Cheng Chien    |
| Ku Meng-yu      | Ching Heng-i   | Kan Nai-kwang  |
| Chu Cheng       | Shih Ying      | Liu Shou-chung |
| T'ing Chao-wu   | Shang Chen     | H. H. Kung     |
| C. T. Wang      | Chou Fu-hai    | Hsia Tou-yin   |
| Yang Chieh      | Ma Chao-chun   | Chen Tse       |
| Teng Chia-yen   | Mao Tsu-chuan  | Li Tsung-huang |
| Pai Yun-ti      | Chang Chih-pen | Fu Ju-lin      |
| Huang Shih      |                |                |

#### MEMBERS OF THE C.S.C. (13):

|                     |                   |              |
|---------------------|-------------------|--------------|
| Mme. Wang Ching-wei | Chang Ching-kiang | Lin Sen      |
| Tsai Yuan-pei       | Chang Chi         | Shao Li-tzu  |
| Li Shih-tseng       | Chu Min-i         | Liu Ya-tzu   |
| Chang Hsueh-liang   | Yang Hu           | Hung Lu-tung |
| Chang Fa-kuei       |                   |              |

#### RESERVE MEMBERS OF C.E.C. (35):

|                 |                   |                 |
|-----------------|-------------------|-----------------|
| Chen Shu-jen    | Miu Pin           | Chang Tao-fan   |
| Chao Pei-lien   | Yu Ching-tang     | Hsueh Tu-pi     |
| Chiao I-tang    | Miao Pei-cheng    | Ke Hsing-ya     |
| Hsiao Chi-san   | Chan Chu-ssu      | Hsieh Tso-min   |
| Huang Chi-lu    | Liang Han-tsao    | Chien Ta-chun   |
| Kwan Su-jen     | Tuan Hsi-peng     | Li Jen-jen      |
| Cheng Chan-nan  | Tseng Chung-ming  | Tsui Kwang-hsiu |
| Huang Fu-sheng  | Lo Chia-lun       | Chang Ting-fan  |
| Tai Kuei-sheng  | Li Ching-chai     | Wang Chi        |
| Fan Yu-sui      | Tseng Kwang-ching | Wang Mou-kung   |
| Tang Sheng-chih | Chen Ching-yun    | Ku Cheng-kang   |
| Tang Yu-jen     | Wang Lu-i         |                 |

#### RESERVE MEMBERS OF C.S.C. (12):

|                   |                |                 |
|-------------------|----------------|-----------------|
| Huang Shao-hsiung | Kuo Chun-tao   | Li Fu-lin       |
| Fan Yun-chao      | Chen Fu-lei    | Teng Ching-yang |
| Li Chi-an         | Teng Fei-huang | Sun Ching-ya    |
| Hsiao Chung-chen  | Chi Fei-huang  | Li Tzu-wen      |

In declaring the Session open, President Wang Ching-wei said:

"Since the convocation of the 5th Plenary Session of the 4th C.E.C. (in December, 1934), for one reason or another the 6th Plenary Session has not been convened until today. The attendance at the present session of members, coming from various parts of the country, is greater than ever before.

This is ample proof of the spirit of courageous struggle displayed by our comrades, for which one cannot help feeling the highest gratification.

"The 6th Plenary Session is to be closely followed by the convocation of the 5th National Congress of Kuomintang Delegates. The 6th Plenary Session therefore simultaneously marks the close of the 4th National Party Congress and the inauguration of the 5th National Party Congress. The present session is therefore of the greatest significance.

"It will be recalled that at the convocation of the 4th National Congress of Kuomintang Delegates, the national emergency had just entered a critical stage. The slogan of the 4th National Congress was therefore: 'Sincere consolidation to meet the national crisis together.'

"Since the 4th National Congress of Kuomintang Delegates, from the 1st Plenary Session onwards our comrades have followed this injunction without deviation. While we dare not say that our efforts have already achieved satisfactory results, we have followed this policy at each Plenary Session.

"The convocation of the 5th National Congress of Kuomintang Delegates is now imminent. The national emergency is however more serious than at the time of the 4th National Congress.

"During the past few years, our comrades have exerted themselves in various directions. Efforts in the suppression of banditry have been crowned with great success, while some progress has also been achieved in the task of national reconstruction.

"These achievements are however not entirely satisfactory to us, because the national emergency is not yet dissolved, but has become more and more grave. We must, therefore, make greater sacrifices and greater efforts in accordance with the programme marked out by the 4th National Congress of Kuomintang Delegates, and offer useful recommendations to the 5th National Congress.

"Our work since the 5th Plenary Session of the C.E.C. will be reported in detail at the present Session. I shall not therefore report on it now.

"At the inauguration of the Session today, I can only report that we are, and shall continue to be, united in spirit, never divided. Our anguish over the national emergency has greatly increased our efforts. We are resolved to bear our responsibility with limitless courage, with a view to overcoming the national emergency. I hope that we shall, in pursuance of this spirit and determination, engage in valuable deliberations and arrive at valuable resolutions during the present session, in order that the latter may be fully carried out."

Following the opening ceremony, a preliminary meeting was held at 10.30 a.m. under the chairmanship of President Yu Yu-jen, member of the Standing Committee of the C.E.C. The meeting appointed a Presidium of seven as follows: Chiang Kai-shek, Wang Ching-wei, Yu Yu-jen, Sun Fo, Tai Chi-tao, Ting Wei-fen and Chu Cheng. Mr. Yeh Chu-tsang was appointed Secretary-General of the Session. It was decided to appoint five Proposal Examination Committees, dealing respectively with Party, Political, Military, Economic, and Educational Affairs, the members thereof to be recommended by the Presidium.

With the exception of impromptu proposals by the Presidium, all other proposals must first be examined by a Proposals Examination Committee before being forwarded to the Presidium for submission to the Session for discussion, it was further decided.

A delegation of three, consisting of General Chiang Kai-shek, Minister H. H. Kung and Yeh Chu-tsang, was appointed to visit and "console" President Wang Ching-wei at the Central Hospital.

#### PROCEEDINGS AT THE MEETINGS

The first regular meeting of the Sixth Plenary Session was held at 9 a.m. Nov. 2 with Chu Cheng, President of the Judicial Yuan, in the chair and a total of 104 C.E.C. and C.S.C. members in attendance. Discussions at the meeting were centered on the Revised Draft Constitution of the Chinese Republic submitted by the Legislative Yuan. A decision was made at the meeting that a committee be or-

ganized for the examination of the draft organic law. A number of members were then appointed to this committee, to be convened by Sun Fo, Chu Cheng and Chang Chi. The meeting also decided to address a telegram to the C.E.C. members residing in the Southwest, informing them of the details of the attempted assassination of President Wang Ching-wei and urge them to proceed to Nanking to attend the Kuomintang Congress.

The session rejected the resignation of Yeh Chu-tsang, Chairman of the Central Publicity Committee, who asked to be relieved of his duties on account of the shooting outrage that occurred at the Central Party Headquarters. To facilitate preliminary examination of the numerous proposals that have been submitted to the Session, chairmen, deputy chairmen and members were appointed to the five committees in charge of examination duties. The following were appointed chairmen and vice-chairmen of the five committees.

(1) Party affairs, Wang Fah-chin and Chen Kuo-fu, (2) Political affairs, Chang Chi and Huang Shao-hsiung, (3) military affairs, Yen Hsi-shan and Ho Ying-chin, (4) economic affairs, H. H. Kung and Li Wen-fan, (5) educational affairs, Tsai Yuan-pei and Wu Chih-hui.

General Feng Yu-hsiang attended the session. Five members from the Southwest, namely Chan Chu-shih, Huang Chi-lu, Kwan Shu-jen, Li Jen-jen, and Tsui Kwang-hsiu were also present at the meeting.

The second regular meeting of the Sixth Plenary Session was held at 9 a.m. Nov. 4 at the Central Kuomintang Headquarters. The session was attended by a total of 103 members, namely 44 regular C.E.C. members, 32 reserve C.E.C. members, 15 regular C.S.C. members and 12 reserve C.S.C. members. Yu Yu-jen, president of the Control Yuan, was in the chair. Seven reports were presented before the session, including those of the Central Organization Committee, the Central Publicity Council, Central Training Committee, the Committee of Overseas, Party Affairs, the Committee of Party History Compilation, the Central Broadcasting Station and the local financial rehabilitation program of the Ministry of Finance.

Five proposals to the session were discussed on the basis of examination reports given by the four committees on political, economic, Party and educational affairs.

In regard to the first proposal examined which was submitted by Po Wen-wei, C.E.C. member, calling for effective protection to temple property and the organization of a Buddhism Readjustment Committee, the Session accepted the opinion of the Examination Committee that the Executive Yuan should instruct the various provincial and municipal authorities to accord due protection to all temple property, but saw no necessity for the organization of a Buddhism Readjustment Committee.

The session adopted the opinion of the Examination Committee on economic affairs concerning a proposal submitted by Fang Chiao-hui and eleven other C.E.C. members providing for the centralization and unification of the various Yellow River conservancy administrative organs. The session decided that the matter will be referred to the Central Political Council.

It was decided at the session that the proposals submitted by the committee on education affairs with regard to converting the Honan University into a national university and changing single track system of the present Chinese education into double track one should be referred to Ministry of Education for further examination. Another proposal advanced by the committee on education affairs, concerning the change of the status of principals into that of public functionaries, it was decided, should be referred to the Examination Yuan for consideration.

The report submitted by the Committee on Party Affairs concerning the results of its examination on the work of the various party organs, including the Standing Committee of the C.E.C., and the Organization, Publicity, Training and Overseas Chinese Committees during the past 19 months, was adopted at the session.

The committee on Party affairs, in its report, expressed the opinion that the Party organs above mentioned have

(Continued on page 363)



# What Is the Law Regarding Air Bombing?

BY DR. LIN WO-CHIANG (林我將)<sup>1</sup>

IN the light of the present armed conflict between Italy and Abyssinia, in which one hears about bombardment from the air at various centers in Abyssinia by the Italian air force, a brief discussion of the general principles governing aerial warfare may help to clarify an understanding on such an obscure but vital subject. Too much emphasis cannot be laid on the point that any attempt at condemning or justifying the recent air attacks said to have been launched by the Italians on Abyssinian soil at this stage will be futile. The reasons are obvious.

First of all, no definite news with dependable data have so far reached the Orient, to make possible a just estimate of the actual conditions surrounding the air warfare that has taken place in that part of the world. Such scanty information as can be gleaned from the reports as collected and issued by the leading news agencies concerning this matter, show contradictions. For instance, on October 3, *Reuter's* agency gave out the news from Addis Ababa, the Abyssinian capital, that forty Italian planes were said to have participated in the bombardment of Adowa on that date, with the commencement of hostilities. Again, we were told that the bombardment of both Adowa and Adigrat caused numerous casualties among civilians, including women and children. In another report we learned that the Emperor of Abyssinia had declared that bombs had fallen on a Red Cross hospital, killing and wounding nurses," in an interview with *Reuter's* special correspondent. Furthermore, Adowa was stated to be in the category of an "undefended" town.

On the other hand, news issued from Rome on October 4 frankly admitted that Adowa was bombed by Italian planes. But it gave the circumstances under which the Italian air force was said to have been obliged to take drastic action, at the same time. We were informed that on the opening of hostilities, on October 3, Count Ciano, who led the Italian bombing squadron, was fired on by Ethiopian troops while making a reconnaissance flight. That unhurt, the squadron proceeded southward to Adowa, where the forts opened fire. Thereupon, the Italian planes dropped bombs on the gun emplacements; in other words, only the forts were bombed, and not the city itself. On October 7, *Reuter* announced that the Italian Government had addressed a communication to the League of Nations alleging that the Ethiopian Government, in contravention of the Geneva Convention of 1926, had been placing large red crosses on a number of buildings, including the Governor's residence at Harar, with the object of making them appear to be hospitals or field ambulance stations.

In view of these confusing statements (as they appear to those far away from the scene of hostilities) issued from various sources, it would be hazardous to judge whether or not the law governing air warfare has been violated, and who has been guilty of it. But our memory of the horrors of air warfare which raged through the later part of the Great War; and which with the passing of the years, has become dim and almost complacently forgotten by a new generation, is now rekindled, with the first news of air attack at the opening of the Italo-Abyssinian War. These news are thought-provoking. They direct our attention to one very serious problem connected with Air Law in time of war, viz., the law relating to aerial or air bombardment. For example, our attention was called to the alleged bombardment of "undefended" cities and Red Cross hospitals, to indiscriminate killing of women and children, by aerial bombs; and to the abuse of Red Cross marks on buildings that were not entitled to such protection. Finally, we ask in bewilderment, whether or not there is any law or rule governing aerial bombardment?

In discussing this matter the question whether or not there is any rule or law regulating aerial bombardment must be answered. To this, our reply is in the affirmative, while admitting that such rule has so far not yet attained that definite status and dignity which characterize some international laws, for example, the law relating to the treatment of prisoners of war. Space here permits only mention in passing of the law relating to aerial bombardment before and during the Great War. Our endeavor must be confined to finding how that law stands to-day.

The rule relating to aerial bombardment was introduced some years after balloons were used in wars and just before the invention of aeroplanes. Aircraft in the form of balloons were used for purposes of war as early as 1794 by the French revolutionary armies. In this form also it was used by the Russians in 1812 against the French; by the French at Antwerp in 1815; by the Aus-

trians in 1849 during the siege of Venice. They were also used by the Italians in 1859; by the Americans during the Civil War; by the French in 1860; by the British during the Boer War of 1899-1902; and by the Japanese in 1904, during the Russo-Japanese war. In those days balloons were used more for the purpose of observation, signalling, making reconnaissance, transmission of messages, and as a means of escape from besieged places, than for bombardment from the air. This was why a rule relating to air bombardment was introduced only toward the end of the last century.

Thus, in 1899 the First Hague Conference made the following declaration regarding the prohibition of bombardment from the air:

"The contracting Powers agree to prohibit, for a term of five years, the launching of projectiles and explosives from balloons or by other new methods of a similar nature.

The present declaration is only binding on the Contracting Powers in case of war between two or more of them.

It shall cease binding from the time when, in a war between the Contracting Powers, one of the belligerents is joined by a Non-contracting Power."

The Second Hague Conference of 1907 reaffirmed the rule of 1899 and extended the period of prohibition "to the close of the Third Peace Conference."

It should be noted here that the practical effect of the Hague Declaration of 1907 was *nil* during the Great War. Though it has been accepted by Austria, Belgium, Great Britain, the United States and several others, it was not signed by France, Germany, Italy and many other European states. It only binds the signatory Powers in wars between themselves, not in a war with a Non-signatory Power or in one in which a signatory Power is joined by a Non-signatory. Such was the position of this forbidding declaration when the War broke out in 1914; and one was not surprised that bombardment from the air should have been indulged in by belligerents on both sides.

If the above-mentioned Declaration had become a dead letter during the War, there was, nevertheless, a rule of the Hague Convention which was quite alive. We are referring to Article 25 of the Hague Regulations relative to Laws and Customs of War on Land, the binding force of which has not been seriously questioned by jurists. It states:

"The attack or bombardment, by any means whatever, of towns, villages, habitations, or buildings which are not defended is forbidden."

That this has been the regulating rule respecting air bombardment, recognized by both the Allied and the Central Powers during the War, may be seen from the fact that frequent references were made by both sides that the others had violated this law.<sup>2</sup>

Unfortunately, this rule proved not easy to observe during the War, owing to difficulties experienced in determining whether a place was "defended" or not. "Undefended is an unfortunate expression, for one cannot know whether a town is defended until the moment when one decides to attack it," a French commentator wrote in 1916. Spaight, an English authority on this subject, agreed that it has become necessary to reconsider the criterion of "defence" as a test of the legitimacy of bombardment and to make liability to or immunity from attack depend upon some other consideration. Thus we find two distinct doctrines had developed during the War out of the idea that since complete prohibition of air bombardment was impossible, it should be regulated: (1) Bombardment to be confined to military objectives. This was the doctrine adopted by Great Britain, France and Italy. According to their practice, if military objectives were found even in a town not defended, they would be bombarded just the same. (2) Bombardment to be confined to combat areas or war zones. This was the German practice.

A passage from Gen. von Hoepfner's writings will illustrate not only the German view, but incidentally show the British practice:

"At the outbreak of war we took the view that the weapons admitted by international law as being in accordance with the usages of land warfare should be employed against fortresses and important military places in the actual theatre of war (*Kriegsschauplatzes*), that is, the zone in which the armies were fighting. We limited ourselves accordingly. England went further. In the autumn of 1914 she destroyed the airship ZII in the shed at Dusseldorf . . . and raided military objective far distant from the field of operations".<sup>3</sup>

As late as the spring of 1918, the commanding officer of the German air forces was still announcing the policy of air bombardment followed by the Germans. "Hitherto our air attacks have been exclusively directed against such targets as were directly connected with military activities at the front. Moreover, we have repeatedly requested our enemies to indicate all cases where *open towns outside the region of operations* have been attacked by our bombing

<sup>1</sup>Dr. Lin, a keen promoter of aviation, is China's foremost authority on Air Law, being the first Chinese to have specialized in this field in the United States. He writes for the *Journal of Air Law*, published by the American Institute of Air Law; and has been attached to the Aeronautical Department of the Chinese National Government as its air law expert since his return to China. In this article he expresses his own view only on the subject.

<sup>2</sup>Of course, there were several other Hague regulations relative to air warfare which had been, and are still in force, e.g., articles 29, respecting individuals sent in balloons to deliver dispatches not be considered as spies, etc. Here we are concerned only with the rule relating to air bombardment.

<sup>3</sup>Gen. von Hoepfner was in command of the German air service during the latter half of the War.

squadrons, but they have returned no answer," said the German general. It need not be understood, however, that throughout the War both sides had strictly observed the doctrines adopted by them, with a view to preventing unnecessary sacrifice of the lives and property of non-combatants and destruction of places, either outside the war zone or without any military significance. But we can see that in a majority of cases where a departure was taken from these principles, it was made either on the plea of *reprisal*, or based on strategical reasons. The following incidents are illuminating;

In January, 1918, the Germans conducted an air raid upon Paris, which was clearly outside the zone of war, and justified themselves by declaring that it was a reprisal for attacks on German open towns *outside the region of operations*. The attacks on London were explained by Gen. von Hoeppner as being based on two reasons.<sup>4</sup>

First, London was the center of the war strength of the Entente. Secondly, England was compelled by these air attacks upon the sources of her military strength to retain a large portion of her air strength at home. In the same manner, the Entente Powers attacked on non-military objectives for almost identical reasons. The lack of a uniform rule for regulating air bombardment can be appreciated from the diverse practices during the War, and unless some definite, practical rules for regulating air bombardment, capable of universal observance, are formulated, violations of the principles for conduct of air warfare, based on international law and the Hague Conventions, will occur again in future wars. Although we find that the rules regulating air bombardment were deplorably inadequate, and not infrequently conflicting; yet, none of the belligerents had ever declared that there were no rules relative to air bombardment. Rules there were, but they were elastic, impractical and not uniform, thereby open to disputes, recriminations and reprisals. It was to remedy these shortcomings that attention was called to the necessity of legislating internationally a new code of air warfare rules soon after the signing of the Peace Treaty.

In February 1922, a treaty was concluded between the Powers assembled at the Washington Conference regarding the limitation of armament. Although the question of the restriction of air warfare was not settled by the Conference, a resolution was adopted by which the participating Powers engaged to constitute a Commission of Jurists to deal with this matter. They were instructed to study the existing warfare rules as affected by the "new methods of attack or defense since the Hague Conference of 1907, and of new agencies of warfare" and to adapt these to meet the present situation.<sup>5</sup>

The Commission of Jurists and their military and naval advisers, held an international conference at the Peace Palace at the Hague from December 1922 to February 1923, for the purpose of formulating a code of rules for the regulation of the use of aircraft in time of war. This resulted in the drafting of a code for air warfare. It consists of sixty-two articles, covering the various phases of aerial warfare. The rules relating to air bombardment with which we are immediately concerned are as follows:

#### Article 22

"Aerial bombardment for the purpose of terrorizing the civilian population, of destroying or damaging private property not of military character, or of injuring non-combatants is prohibited.

#### Article 23

Aerial bombardment for the purpose of enforcing compliance with requisitions in kind or payment of contributions in money is prohibited.

#### Article 24

(1) Aerial bombardment is legitimate only when directed at a military objective, that is to say, an object of which the destruction or injury would constitute a distinct military advantage to the belligerent.

(2) Such bombardment is legitimate only when directed exclusively at the following objectives; military forces; military works; military establishments or depots; factories constituting important and well-known centers engaged in the manufacturing of arms, ammunition or distinctively military supplies; lines of communication or transportation used for military purposes.

(3) The bombardment of cities, towns, villages, dwellings or buildings not in the immediate neighborhood of the operations of land forces is prohibited. In cases where the objectives specified in paragraph 2 are so situated, that they cannot be bombarded without the indiscriminate bombardment of the civilian population, the aircraft must abstain from bombardment.

<sup>4</sup>In the bombardment of London, the German airmen were instructed to confine themselves to specified Military Objectives, e.g., munition works, railway stations, wharves, barracks, etc.

<sup>5</sup>The Powers participating in this agreement were: the United States, the British Empire, France, Italy and Japan.

(4) In the immediate neighborhood of the operations of land forces, the bombardment of cities, towns, villages, dwellings or buildings is legitimate provided that there exists a reasonable presumption that the military concentration is sufficiently important to justify such bombardment, having regard to the danger thus caused to the civilian population.

(5) A belligerent State is liable to pay compensation for injuries to persons or to property caused by the violation by any of its officers or forces of the provisions of this article.

#### Article 25

In bombardment by aircraft, all necessary steps must be taken by the commander to spare as far as possible buildings dedicated to public worship, art, science, or charitable purposes, historic monuments, hospital ships, hospitals and other places where the sick and wounded are collected, provided such buildings, objects or places are not at the time used for military purposes. Such buildings, objects and places must by day be indicated by marks visible to aircraft. The use of marks to indicate other buildings, objects or places than those specified above is to be deemed an act of perfidy. The marks used as aforesaid shall be in the case of buildings protected under the Geneva Convention the red cross on a white ground, and in the case of other protected buildings a large rectangular panel divided diagonally into two pointed triangular portions, one black and the other white.

A belligerent who desires to secure by night the protection for the hospitals and other privileged buildings above mentioned must take necessary measures to render the special signs referred to sufficiently visible."

It may not be too much to say that since 1911, when Fauchille presented his draft code for the regulation of aerial warfare, there has never been a better drawn code for the express purpose of controlling aerial bombardment than the above articles by the Commission of Jurists. Here, a workable rule, having regard to both military interest and the security of the non-combatants, was laid down for the first time. It is, as it stands now, a combination of the doctrines of *military objectives* and the doctrine of *military zone* (or zone of operations), which prevailed during the Great War.

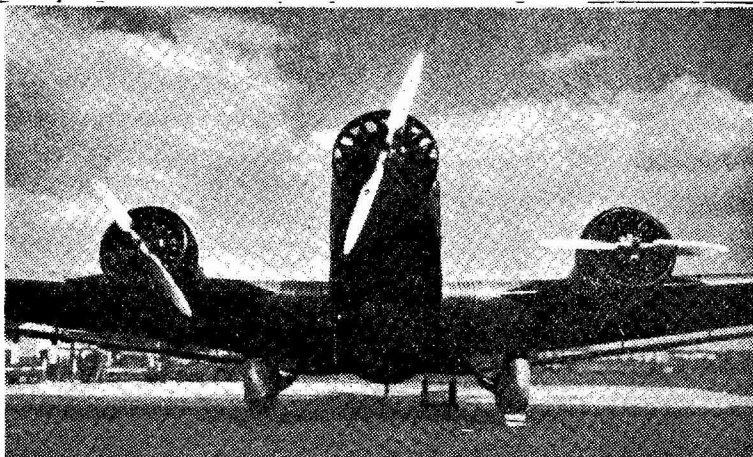
It should be pointed out, however, that these rules are really not new rules. They are just the application of the old rules of land warfare to a changed situation where new methods of war are employed. To wit, these rules are based on: the Brussels Declarations of 1874; the Hague Conventions (1907) relating to Laws and Customs of War; the Hague Declarations of 1907; the two doctrines prevailing during the war (1914-1918); and, last but not least, the unwritten laws of warfare recognized by international law. Furthermore, from these rules or laws the successive stages of the development of the law of air bombardment can be traced. First, only fortified and defended cities can be attacked. Secondly, an undefended city can be attacked if defended. Then, an undefended city can be attacked, when it contains military establishments (in that case only such objects may be destroyed but not the city in general). It is apparent that we have arrived at another stage since the War, viz., that the criterion of "defence" as a test of the legitimacy of bombardment is discarded for that of "military objective" as indicated above.

A word must be said of the practical effect of these proposed rules. Although the proposed code as laid down by the Commission of Jurists at the Hague Conference of 1922-1923 has not yet received any official stamp of approval, they were born, so to speak, of a solemn international conference, namely, the Washington Conference of 1921-1922, and drawn up by the delegates who officially represented the nations participating in the Washington Conference. The history and legal background of the Commission of Jurists ought to make these proposed rules, pending further legislation or revision, the rules for aerial bombardment for today or the near future, in case of wars. However, no matter how comprehensive this proposed code for the regulation of air warfare may be, it cannot be expected to cover every contingency arising out of air bombardment. But that does not mean that a belligerent may be allowed to take advantage of the inadequacy of conventional rules. For, as it has been once declared (the Hague Declaration of 1907).

"In cases not included in the regulations adopted by them the inhabitants and the belligerents remain under the protection and the rule of the principles of international law as they result from the usages established among civilized peoples, from the laws of humanity, and the dictates of the public conscience."

In conclusion we may say for those who take the view that assuming these rules of aerial warfare are in force, what does it matter if they were violated as there is probably no sanction for the violation? We would in the meantime leave out the question of sanction, and approach the problem from some very practical stand-points. First, there is one thing which a belligerent should not overlook while indulging in an orgy of destruction, and that is that the violation of certain rules of warfare will surely result in a similar or even more flagrant violation in kind, viz., it simply asks for *reprisals* from an aggrieved party. The use of air force is no longer a monopoly today. Even when a belligerent has an air force overwhelmingly superior to an opponent, where the possibility of reprisals is small; yet he is compelled to reckon with





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another restraining factor. This is the danger that his conduct may lead to establishment of precedents of a wanton disregard for the law of humanity, which will some day be applied on him by an opponent or opponents in possession of an equal or even superior air strength than himself.

Reprisals, although recognized by international law, often lead to excesses and result in untold suffering of the civilian population. Whereas, the establishment of precedents revolting to the sense of common decency is a return to primitive society, where every member was fated to live in constant fear of sudden destruction or cruel mutilation. It is more in consideration of these dangers than the thought whether or not there is an international sanction, that some uniform rules governing aerial warfare should be observed by the civilized world.

Nanking, October 30, 1935.

### Judge Helmick Grants Stay in Certain Cases Against F. R. Raven

Applying on behalf of F. J. Raven in the United States Court for China Nov. 3, Richard T. Evans of Tientsin, asked a stay of all civil proceedings in law or in equity, for a period of one year or until such time as Mr. Raven had been discharged from bankruptcy.

Before the filing of his petition in bankruptcy, Mr. Raven had already consented to judgment in two suits brought against him by Frank L. Hough, liquidator of the Raven enterprises, for Tls. 145,000 each, representing sums voted and paid to Mr. Raven in January, 1932 by the American-Oriental Banking Corporation and the Asia Realty Company as honoraria.

After hearing lengthy legal argument from Mr. Evans, who contended that the Court was obliged to grant the stay asked for, and from Dr. George Sellett, appearing for the Liquidator, who argued that a stay of proceedings could only be ordered in cases where the debts in question were dischargeable, Judge Milton J. Helmick rejected the application in respect of the two sums in respect of which judgment has been confessed, but ordered the staying of all other civil proceedings against Mr. Raven.

This means that the further actions pending against Mr. Raven, in which the Liquidator is seeking to recover large sums alleged to be due to the American-Oriental Banking Corporation by Mr. Raven for loans and overdrafts and on promissory notes, and to the American-Oriental Finance Corporation for monies advanced to Mr. Raven for the financing of his operations on the New York Stock Exchange, are indefinitely laid over.

Judge Helmick in the United States Court for China Nov. 5 ordered Frank Jay Raven to pay Frank L. Hough, liquidator of two Raven institutions and trustee of another, the sums of \$188,811.18 "received without consideration" from the American-Oriental Banking Corporation, with six per cent interest from January 13, 1932; and \$188,811.18 "received without consideration" from the Asia Realty Company, with six per cent interest from October 16, 1935.

### Robert Haas, League Expert Dies in Geneva— A Sincere Friend of China

Robert Haas, head of the League of Nations section on Communications and Transit, died suddenly in Geneva, as the sequel to a heart attack. The late Mr. Haas was responsible for the major share in drafting the now famous Lytton Report. He was a Frenchman and educated at the Ecole Normale Supérieure in Paris. He died at the age of 44. He made in all three trips to China, his first in 1930, two years before the Lytton tour, and his last in 1935, when he came here as liaison agent between the League of Nations and the China National Economic Council, Nov. 3. An automobile tour of the entire country last spring before his return to Geneva in May, stimulated in the late Mr. Haas the keenest interest in this country.

#### U.S.S.R. Ambassador Entertains Waichiaopu Officials

Dimitri Bogomoloff, the Soviet Ambassador to China, was the host at a dinner given Oct. 31 at the Soviet Embassy in Nanking, to a number of high officials of the Ministry of Foreign Affairs, including Messrs. Hsu Mo and Tang Yu-jen, Political and Administrative Vice-Ministers of the Ministry.

Pedro Velloso, Brazilian Minister to China, who has been transferred as Brazilian Minister to Japan, was in Nanking beginning of the week bidding Government leaders farewell. Hsu Mo, vice-Minister of Foreign Affairs, gave a farewell dinner in honor of the Brazilian envoy November 4.

Signor Z. Lojacono, the Italian Ambassador to China, arrived in Nanking Oct. 31. He paid a visit to General Chiang Kai-shek at the Central Military Academy as a courtesy call.

Dr. Cheng Tien-fang, Ambassador-designate to Germany, has been taken ill with typhoid, and is under treatment at the Drum Tower Hospital in Nanking.



# Kuomintang Conference and Attempted Assassination of Wang Ching-wei

BY C. Y. W. MENG (孟長泳)

IN a spacious hall, well decorated for the occasion, and in an atmosphere of optimism and joy to do their part to effect the national revival of the country, more than 100 members of the C.E.C. (Central Executive Committee) and the C.S.C. (Central Supervisory Committee) of the Kuomintang, or the "Nationalist Party" met and held the Sixth Plenary Session of the C.E.C. and C.S.C. on November 1, to discuss and decide the many national problems of the day. At 8 o'clock all members went to the famous Mausoleum to pay their respects to the late leader, Dr. Sun Yat-sen, the founder of the Kuomintang, the organizer of the Chinese historic revolution and the "Father of the Chinese Republic." Hon. Lin Sen, Chairman of the National Government, presented a wreath on behalf of the members. After the ceremony, all members motored back to the Central Party Headquarters to hold the preliminary meeting of the Sixth Plenary Session of the C.E.C. and C.S.C.

## Wang Ching-wei's Inspiring Speech

In his opening speech, Wang Ching-wei, a veteran member of the Kuomintang, and President of the Executive Yuan, and concurrently Acting Minister of Foreign Affairs, expressed his joy that the conference this time had a larger attendance than any other previous plenary sessions. He said this indicated that "our comrades are full of the spirit of struggle!" Mr. Wang then went on to point out that the present meeting would be immediately followed by the 5th Kuomintang Congress (to be held on Nov. 12). "Thus the present meeting is the result of the 4th Congress, and at the same time, it is the beginning of the 5th Congress, so the present meeting is of extraordinary importance!" The speaker then told the audience that the motto of the 4th Kuomintang Congress was "to unite spiritually and to cope with the national crisis jointly;" he also said most passionately that the "holding of the 5th Congress is coming, but the national crisis which we are facing today when compared with that in the time of holding of the 4th Congress, is found to be more aggravated, rather than lessened!"

The Premier then tried to appease the audience by saying that during these years, however, some progress had been made, pointing out the successful "anti-communist and bandit-suppression campaigns." "So we should have more endurance, and should strive harder than before and should act in accordance with what was decided by the 4th Congress," he said. The Premier concluded his speech by saying that he had nothing further to report to the members except that "our spirit of unity should never be lost. The aggravation of the national crisis should only increase our vigor of struggle. We should shoulder the responsibilities of the State with our determination and full vigor to plan to relieve ourselves from the difficulties. So I hope that it is in this spirit and determination that the Plenary Session will hold some 'valuable discussions' of the affairs, and will reach some 'valuable decisions' to be carried out!"

In speaking of the aggravation of the national crisis, the Premier as reported, was so much impressed that he could hardly restrain tears from running down his cheeks, and his voice almost broke down. The audience, on hearing his speech, was greatly moved by the very inspiring speech of their leader!

## Christian General in Nanking

Our Premier was quite justified to be optimistic about the meeting. Many of the members of the C.E.C. and C.S.C. who showed no co-operation with Nanking previously whenever such meetings were convened are now attending the meeting. The members of the C.E.C. and C.S.C. from the South-west were present at the meeting. General Feng Yu-hsiang, generally known as "Christian General," and once the "sworn brother" of General Chiang Kai-shek, who has been living in retirement in Taishan in the Province of Shantung, arrived at Nanking on November 1. He was welcomed and greeted by many members of the Kuomintang at the Railway Station. The General is in good spirits, though he looks somewhat older than before. He still wears the customary peasant gown, so as to show his simplicity of life.

In addition, it was decided that the delegates to the 5th Kuomintang Congress who are now in Nanking would be permitted to sit at the meeting as "observers" though having no power to vote. That will bring in the delegates from Mongolia, Tibet, Chinghai and Yunnan, etc., to attend the 6th Plenary Session of the C.E.C. and C.S.C.

## "Strong Man" from the South Is Coming

According to report, the appointment of Tai Chi-tao, President of the Examination Yuan, and Ma Chao-chuan, Mayor of Nanking, to proceed to the South (sailing on Nov. 4) is to show the southern members the "sincerity" of Nanking in effecting national unification. But, according to another report, these veteran members are being sent South for the purpose of "welcoming" General Chen Chi-tang, the so-called "strong man" in the Southwest to Nanking. It is also reported that

General Li Chung-jen and General Pei Chung-hsi of Kwangsi may also come.

Indeed, at no other time, has the prospect of national unification been so bright as this time. Every paper in the Capital, in its editorials, while wishing success and congratulating the conference held out much hope for the 6th Plenary Session of the C.E.C. and C.S.C.!

## The Assassination!

While everything was proceeding, and just after the photographing when the members were ready to enter the hall for the opening of the preliminary meeting, Nanking was shocked when a young man, Sun Feng-ming, a reporter of the *Chen Kwang* News Agency in Nanking, to the surprise of all, emerged out of the crowd, and opened fire on the Premier. Mr. Wang fell to the ground after being wounded by three bullets. General Chiang, who was already in the room, rushed out on hearing the shooting and found the Premier lying on the ground. The shooting would have wounded more members had it not been for the presence of mind and gallantry of Chang Chi and General Chang Hsueh-liang. The former embraced the assassin firmly with his two arms, while the latter first gave the assassin a kick and wrested the pistol from his hand. The Premier's bodyguards fired. One of the bullets hit the assassin who fell to the ground instantly. He was later arrested. The grounds in front of the meeting hall at once turned into a scene of disorder and confusion. The Premier was at once rushed to the Central Hospital for treatment. The assassin was carried to the same hospital, but died there the next day. During the shooting, Chou Chi-kwan, a member of the C.E.C., and his servant were also slightly hurt. No other persons were hurt.

## The Wounded Premier's "Heroic Remarks"

While General Chiang was carrying the wounded Premier to the room, Mrs. Wang attended. She did all she could to console her husband. She received a "sharp" reply from her husband that "It is nothing unusual for a revolutionist to meet such fate. Don't get nervous, but meditate!"

Besides the assassin who was wounded and arrested, two of his assistants were arrested on the spot. All traffic leading to the Central Party Headquarters was closed up, and everybody was searched. Six suspects were also arrested, one of them being a lady; on search she was found to have carried a pistol in her pocket. Another young man was using the telephone during the shooting was also arrested; on search he was found to have carried a pistol in his pocket. The *Chen Kwang* News Agency office was immediately searched, but was found to have been deserted by the staff except for three servants. On search, it was found that all documents had already been burned in the stove, except one note left on the desk stating that the other three men (names given) were not involved in the assassination.

## The Theories—A Communist Plot—"To Assassinate More Than One!"

Many theories were put forth for the assassination. "A victim of the Pro-Japanese policy" was one. "Personal revenge" was another.

On examination, the wounded assassin was quoted to have said that he was a native of Anhwei, 32 years of age. He was once a sergeant in the 19th Route Army, which put up resistance against the Japanese invasion of Shanghai in 1932, and was once the commander of a machine gun corps in the 12th Mixed Army in Fukien. He had been in Nanking for more than one year, and he had "long been planning" to assassinate the Premier. He said the pistol was given to him by Hu Yuan-chang, proprietor and manager of the news agency. Chen Chiao, Director of the Police Administration Bureau in the Capital, was quoted to have said that on the examination of the case, "it was found that the assassin must have aimed to kill not only Mr. Wang but others as well," and that "there was no doubt that it was a communist plot," and that "it was a well-prepared assassination." One of the three suspects arrested on November 1 was said to have been affiliated with the Communist party.

## Generalissimo's Escape

When the members were coming down from the Mausoleum on the way back to the Central Party Headquarters, some people were seen to have followed General Chiang quite closely. Having some suspicions as to their action, the General's bodyguards were said to have copied down the numbers of the motor cars used by these people. After the shooting, the owners of these motor cars were also summoned and detained for examination.

The Generalissimo was in the auditorium of the Headquarters at the time of the shooting and thus escaped possible injury or death, as, had he been with the group, he would doubtless have been standing next to or near the Premier,

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#### Mr. Wang's Condition Not Critical

According to a statement by Dr. Liu, President of the Central Hospital, three shots took effect, wounding Mr. Wang in the left cheek, left arm and in the back. An operation was immediately performed, and the bullet which pierced Mr. Wang's back rib has been extracted. The bullet was located by X-ray.

The pistol used by the assassin was a 4-inch Browning. The inferior quality of the explosive and consequent weakness of the force propelling the bullet probably accounts for the fact that although Mr. Wang was hit thrice, his condition is not critical.

According to a later report from the Central Hospital on November 2, the wounded Premier is making "good progress," having slept well on the night of Nov. 1, and taking milk, orange juice and other soft diets during the morning of November 2. The Premier could speak "as usual," and he even asked for the newspapers to read.

So, although profoundly shocked by the dastardly outrage on Mr. Wang, the capital was much relieved upon learning that the condition of the wounded Premier is not serious and that he has more than an even chance to recover.

In the meantime the meeting proceeded as usual. Members of Presidium were elected. Five "Divisions," namely, "Party Affairs," "Political Affairs," "Military Affairs," "Economic Affairs" and "Educational Affairs" were established to study and examine the many proposals.

Nanking, November 3, 1935.

#### Harold Dollar Explains that Retrenchment Is Due to War Situation and Strikes

An explanation of why the Dollar Steamship Line is at present carrying out a drastic economy program, some of the incidental moves of which are the closing of the offices in Tokyo and the discontinuance of advertisements in all the English-language newspapers in Japan since Oct. 15 and from all the newspapers in China, both foreign and Chinese, was contained in a recent letter from J. Harold Dollar, president of the Dollar Lines in San Francisco. Mr. Dollar stated that the retrenchment has been due to the fact that the war situation in Europe had resulted in numerous cancellations of round coupled with labor troubles, the-world passenger bookings, but that it was hoped that the situation would soon improve so that would-be passengers would be able to get details of sailings, etc. from the newspapers as formerly.

Japanese shipping men were quoted by the *United Press* as being of the opinion that the Dollar Line has suffered heavily as a result of recent strikes on the Pacific Coast of America, and also as a result of Japanese competition. It was pointed out that the American ships are prohibited from employing Oriental labor under United States shipping laws.

Japanese newspapers predicted that the closure of the Tokyo office would be merely the first step in a heavy retrenchment program which will determine whether the company will continue the service of the largest liners, the *President Hoover* and the *President Coolidge*, on the Oriental route.

#### Three Hundred Ships Idle in Japan

Three-hundred Japanese ships, with a total tonnage of 62,427 were laid up in Japanese ports, in the second ten-day period of last month the Ministry of Communications announced in Tokyo, Nov. 6. The figure represented an increase of four in the number of idle bottoms and 33,484 in the total tonnage, as compared with the corresponding period of September.

#### Why U. S. Courts in China Should Allow Chinese Rates of Interest

\*Referring to a statement made in *The Review* several months ago that, "Among the bills passed by Congress was one allowing Shanghai branches of American banks to charge interest at the rates permitted by Chinese law instead of limiting them to eight percent, etc." Charles S. Lobingier, former Judge of the U. S. Court for China and now connected with the Securities and Exchange Commission in Washington, D. C., calls attention to the fact that while such a bill was introduced, it failed to pass either house of Congress. However, as the next session in January will be merely a continuation of the present Congress, it will not be necessary to reintroduce the bill and the time should be ample to secure its passage. Judge Lobingier expressed the opinion that the bill ought to be passed because, (1) Interest has been the subject of conflicting rulings by the United States Court for China. Judge Lobingier's successor overruled the decision of his immediate predecessor, as to the rate of interest on judgements (1 *Extrater. Cas.* 169, 87); (2) By adopting, as this bill does, "the legal rate of interest provided by the laws of the country in which such jurisdiction is exercised" Congress would put into effect the laws of China on that subject and that would be a happy solution, constituting at once a friendly gesture to the Chinese and the first step in the gradual extension of the laws of China over all inhabitants of her territory.

# Japanese Army Officers Visit South China Hoping to Effect Policy of Cooperation

(By the Review's South China Correspondent)

TO complete the unfinished mission in South China of Major-General Kenji Doihara (so called "Lawrence of Manchuria") and M. Matsumoto (special representative of the Japanese Foreign Office), Major-General N. Okamura, chief of the Second Section of the Japanese Army General Staff, and party arrived in Hongkong during the week-end en route to Canton and Kwangsi. The fact that Major-General Okamura had only recently attended a most important military conference with Major-General Isogai, Shanghai military attache, Major-General Tada, Tientsin military attache and Major-General Itagaki, of the Kwantung Army, in Dairen on October 13 and 14 and again participated in another equally momentous meeting with a still bigger gathering of Japanese army officers, naval commanders and Japanese consular officers in Shanghai only last week, has caused much attention in political circles over his real mission to South China.

Travelling with Major General Okamura to the South by the same steamer, *Asama Maru*, were Tatsu Kawai, Japanese Consul-General in Canton, whose activities figured prominently at the recent Shanghai conference of Japanese and Lieut-Colonel Kanzo Usuda, Japanese military officer in Canton.

## South-west's Qualifications

To the political observers in the South Major-General Okamura's visit is attended with considerable mystery. Although Major-General Okamura did not explain to his friends of the press why he desired to see Chow Lu and the leader of the Hu Han-min party, it is not a mere coincidence, which inspired Hsiao Fu-chen (another old member of the Canton South-west Political Council) to say something only about a week ago which caused strong rumors that the South-west might make some overture to Japan, paving the path for a South-west China-Japan understanding. Before going into further speculation over rumors of a possible South-west China-Japan understanding it may not be out of place to say a few words concerning Hsiao Fu-chen's standing in Canton.

As one of Hu Han-min's closest supporters in politics Hsiao Fu-chen has for the past four years been the chief spokesman of the Canton South-west Political Council, the highest government organ in Kwangtung and Kwangsi, which incidentally claims allegiance of Yunnan, Kweichow and Hunan provinces. As a representative of the Canton Council Hsiao Fu-chen was also a popular figure in weekly Kuomintang memorial meetings and other important government sessions, and his views and severe condemnation of General Chiang Kai-shek's pro-Japanese policy were both frank and frequent. But for some weeks past Mr. Hsiao has absented himself from active politics due to his visit to Siam to attend some private business.

Concerning his visit to Siam it was said that the military group in the South-west (headed by Generals Chen Chi-tang and Li Tsung-jen) did not see eye to eye with Mr. Hsiao's China-Japan policy and hence his short absence. But Hsiao Fu-chen made an unexpected return to Canton on October 23 and passed through Hongkong the same day.

To the press correspondents he handed out a written statement in which he explained at length his criticisms against the Nanking Fifth National Congress and the foreign policy of the Nanking Government. After expressing frank regret over the sudden closure of the provincial Kuomintang departments in Peiping, Tientsin, Suiyuan, Charhar and Tsingtau due to Japanese pressure, Hsiao Fu-chen made with the following statement:

"The South-west provinces are the only ones in China which still truly represent the Chinese Government. The outlook for China's future remains most uncertain. Recently there has been much talk of a Sino-Japanese rapprochement for upholding peace of the Far East. But such a rapprochement must be based on equality of two nations. To effect such a Sino-Japanese rapprochement only the South-west government has the necessary qualifications."

The statement of Mr. Hsiao calls to mind the abrupt manner in which the Canton and Japanese officials settled the Swatow incident of last week, in which some Japanese subjects were held responsible for bringing into Swatow some smuggled rice and soya beans. Japanese destroyers were sent to Swatow with Rear-Admiral Shimomura, Commander of the Fifth Torpedo Boat Flotilla, in charge, and for some days it appeared to many that the Japanese Navy was about to carry out something drastic to force a Chinese submission. Could it have been possible that the Japanese were informed of the South-west attitude and caused their sudden withdrawal of demands, which could make Chen Chi-tang's position in Canton most uncomfortable?

## Ten Years' Old Policy

In another part of his interview Major-General Okamura spoke with characteristic frankness and determination when he

explained to his Chinese audience that Japan's policy in China was determined ten years ago and the reported fresh Japanese demands to Nanking were totally incorrect. The Japanese policy in China fixed ten years ago has been faithfully carried out, said the Japanese visitor. He said that there was no intention of changing that policy.

While Major-General Okamura admitted that arrangements had been made for him to meet a number of prominent Canton leaders including General Chen Chi-tang and Chow Lu. The possibility of a discussion between himself and Chow Lu (who is a well-known close friend of Hsiao Fu-chen and colleague on the South-west Political Council) regarding a possible alliance between Japan and South China was denied.

Explaining further the Japanese policy in China fixed ten years ago, Major-General Okamura said that it was a soundly discussed and permanent policy, and the Dairen Conference did not alter it in any way. That conference was for the purpose of enabling the Japanese Government to get a better grasp of the North China attitude.

Despite the Major-General's denials of any political significance in his presence in south China it can be safely said that there was much more than sightseeing which attracted the Japanese military officer to spend a week and possibly two in Canton and Wuchow. The Kwantung army officers had been most successful in their operations, economically and politically in Manchuria and north China but the same cannot be said of the South-west, the only provinces in China which still issue their periodical attacks on Japan and its policies in China. The anti-Japanese boycott against Nippon goods at one time was most vehemently conducted and it is well known to the Chinese Government that but for the peculiar geographical situation of Canton the same boycott cannot be carried out with similar success in other parts of China.

The vast British interest in South China and the Japanese hesitation to incur the displeasure of the British authorities is another reason why Tokyo had not exercised more drastic measures in federating all the anti-Japanese activities in Kwangtung and its allies such as Kwangsi, etc.

When General Doihara visited here some months ago and was immediately followed by M. Matsumoto rumors were then current that something important might be achieved by their visits. The writer learns in this connection that after Major-General Okamura another important Japanese officer in the person of the former vice-Minister for War in Tokyo, Lieut-General T. Hashimoto and party is expected to arrive in Canton on November 1 or 2. The former vice-Minister for War is at the moment holding an important position with the Tokyo General Staff of the Japanese Army and his visit to the South is another Tokyo attempt to effect some form of co-operation with the South-west. Whether the revolutionary-spirited southerners are ready to yield to the Japanese policy of persuasion and to give up the south's anti-Tokyo policy is a mooted question. In some quarters it is pointed out that Kwangtung and Kwangsi governments realise their weakness, politically and militarily, at the forthcoming Fifth National Congress of the Kuomintang, when some of the southern members of the Kuomintang Central Executive Committee and Central Supervisory Committee stand much risk of not being reelected.

To preserve their power within the Kuomintang the southerners may yield to Japan's tempting offers—which are completely unknown at the moment—in order to maintain a balanced power with the Nanking group. Since his arrival in Canton Major-General Okamura has interviewed Generals Chen Chi-tang, Li Tsung-jen and Messrs. Liu Chi-wen (Mayor of Canton), Lin Yun-koy (Chairman of the Kwangtung provincial government), Hsiao Fu-chen and Chow Lu. On October 28 the General and party left by air for Nanning, the Kwangsi capital and there he will meet General Pei Chung-hsi (Kwangsi's second in command) and General Huang Kuo-cho, the Kwangtung provincial government chairman.

## Formosa Conference Extends Credits to Japanese Merchants in South China

The Bank of Taiwan (Formosa) is said to be granting large credits to Japanese merchants in South China to develop trade in Canton, Swatow, Amoy and Foochow. There are about 300 Japanese merchants in Shamen, Canton, who may be benefited by these loans from the Japanese bank. The Bank of Taiwan, it is reported, also finances Japanese insurance companies, customs brokers, transportation companies and others. Bulletins are issued by the Bank to keep Japanese businessmen informed of trade prospects in South China.

Canton, Oct. 30.



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### "Shanghai Nippo" Says: "Kill Reuter"

Vigorous attacks against Reuters News Agency were made by *Shanghai Nippo* in connection with the report that the assassin of Wang Ching-wei was a Japanese, who, according to same report, was seriously wounded by the Chinese guards. "Taking the outrage as a suitable moment," the *Shanghai Nippo* in an editorial Nov. 4 declared, "the British News Agency intended to aggravate the Sino-Japanese relations. The rumor which was fabricated by Reuter might cause the Chinese people to believe that the anti-Japanese movement is going ahead, and that General Chiang Kai-shek is now standing at the head of the anti-Japanese campaign. In this way, British cricles can certainly realize their desire to throw a wedge between Japan and China. In spite of its disguise as an impartial agency giving intelligent news service of the world, Reuter has now revealed its real face." The *Nippo* finally expressed regret over the fact that Chinese public opinion is so little "resistant" to unfounded fabrications.

Renewing the attack in later issues the *Nippo* advised the Chinese Government to take action against the British Agency. "China must lodge a strong protest with the British Government, the British Embassy in China, and the British News Agency Reuter, which circulated unfounded rumors which disturbed relations between the Far Eastern powers. It is not right that such a disturber of peace should continue to exist.

In an editorial captioned "Kill Reuter," the *Nippo* inveighed vigorously against the report circulated by the British news agency. "Despite the denial of this report put out by Reuter themselves, a sensation was caused by the fabrication. The gold bar market exchange in Shanghai was disturbed by the report." "Since last spring," the paper continued, Reuter has been engaged in spreading information aiming at throwing a wedge between Japan and China. Fearing that the cooperation between the two Asiatic powers will be detrimental to her Far Eastern Policy, Great Britain has endeavored to aggravate Sino-Japanese relations in order to reap a profit during Sino-Japanese quarrels." In conclusion, the *Nippo* branded Reuter to be the "vanguard for the disturbance of peace in the Far East."

The *Shanghai Mainichi*, in a somewhat milder tone, urged the British agency, which, according to the paper, is one of the first news agencies in the world, to reconsider its negligence and revise its attitude. "As a result of Reuter's fabrication in the last two days, the Chinese leaders have as far as possible evaded contact with Japanese correspondents while the connections between the Chi-

nese circles and the Japanese papers and Japanese correspondents have suffered inconvenience. Furthermore, unreasonable treatment is given to Chinese officials and others who are graduates of Japanese educational institutions. The Reuter report has succeeded in harming friendship between Japan and China."

### No American Films Shown at Canton--A Deadlock Regarding Local Fees

Beginning Nov. 1 no American motion picture is allowed to be screened in Canton city, according to an order of the Canton Municipal Government. This step was taken as a result of the refusal of the American motion picture distributors of pay the local censorship fees.

The above brief paragraph may be supplemented by the statement that there is a complete deadlock at Canton between the American motion picture distributors and the local authorities. The American distributors say that the real situation is better described by saying that they will refuse to furnish any more pictures to Canton until all local censorships and fees connected therewith are abolished. The American motion picture distributors are protesting vigorously against what they consider the exceedingly high customs duties and the recent drastic increase in fees at Nanking, not to speak of the extra charges at Canton. One of the results of these charges has been that the American producers have radically reduced the quantity of films sent to this country. As the situation has developed at Canton it has resolved itself into a question of whether the Canton theaters or the American distributors can hold out the longest. Under the terms of the contract, the Canton theater owners paid the local fees when they were first imposed, but several months ago they started a joint agitation to make the producers pay these fees. This the latter refused to do. However, the producers in many cases found that where the theater owners owed the producers money they deducted the money spent for fees from the sums due. At a conference held in Canton recently (when two of the managers of American film companies happened to be in Canton), with representatives of the Theater Owners' Association, the American managers explained that Nanking had promised them that they should not be subject to further fees at Canton. The latter thereupon allegedly replied that "Canton is an independent country and does not recognize the authority of Nanking."

# Japanese Military Murderer to Be Tried Under Civil Code—No Death Penalty in Military Code

**F**ORMAL indictments on charges of assault upon a superior officer and murder against Lieut.-Col. Saburo Aizawa were prepared Oct. 31 by Lieut.-Gen. Heisuke Yanagawa, commandant of the First Division, in Tokyo. Lieut.-Col. Aizawa slashed and killed Lieut.-Gen. Tetsuzan Nagata, then director of the Military Affairs Bureau of the War Office, on Aug. 12. The indictments are based on the preliminary report on the case presented to Lieut.-Gen. Yanagawa by Procurator Tomosaburo Shimada.

Lieut.-Col. Aizawa was formally indicted on three counts Nov. 2. These are: armed assault against a superior officer under the Military Criminal Code; murder and assault under the Civilian Criminal Code. Lieut.-Gen. Yanagawa in filing the indictments made public a lengthy statement describing the judicial processes leading to this action. The trial of Lieut.-Col. Aizawa before the division's court martial is expected to be called early in December, with Lieut.-Gen. Yanagawa presiding. The charges under the two separate codes were necessary because the Military Criminal statutes do not contain provisions for dealing with persons accused of murder or assault.

While the charge of assault against a superior officer with a deadly weapon appears in the Military Criminal Code, no provision for punishment of those guilty of murder is contained in the Army statutes. Although death is provided for those convicted of assault upon a superior officer in face of the enemy, the maximum penalty under the statute in time of peace is life imprisonment with or without hard labor. The lightest term is two years. If convicted on the murder count under the Civil Code Lieut.-Col. Aizawa faces the death penalty.

The murder of a fellow officer in the Japanese Army has been such an unusual incident that there is an evident hiatus in the military laws. This has brought about the extraordinary situation whereby a military man has been indicted under the civil code in order that, if found guilty, he may have meted out to him punishment equal to that given civilian murderers.

## Japanese Huge Debt Burden Is Basis of Survey by American Council (I.P.R.)

Japan will spend half the 1936-37 national budget on her army and navy, if the demands of Japanese military leaders go through, according to the *Far Eastern Survey* of the American Council, Institute of Pacific Relations. Despite redoubled efforts by Finance Minister Takahashi to cut down a national debt which increased 50% in the last three years, the army and navy have presented budgets which are not only larger than last year's but equal to the total ordinary revenue estimated for the current fiscal year, the *Survey* states. "Urgent national necessity" is the reason given for the increase, it is asserted.

In an analysis of inflation prospects in Japan, William W. Lockwood Jr., research associate, reveals that "requests from all government departments total approximately 2,800,000,000 yen, a rise of 600,000,000 yen over the present budget. Although it has been freely predicted for some time that Japan is headed along a path of inflation ending in monetary chaos, the usual indicators of financial stability do not bear out this view. The wholesale price level is well below that of 1928-29; its tendency this year has been downwards, and the yen has depreciated little in relation to sterling since the end of 1932."

For four consecutive years Japan has been running huge national deficits, financed by successive issues of "red ink bonds." From June, 1932, to June, 1935, the national debt increased 50%, standing at 9,663 million yen (including 559 millions in treasury bills and rice-purchase notes) on June 30 of this year.

## Mr. Debuchi Suggests "Give-and-Take" Policy Regarding Philippines

A spirit of "give-and-take" should govern the relations between Japan, the Philippine Islands and Japan, Katsuji Debuchi, Japanese goodwill ambassador and former envoy to Washington, stated in Tokyo Oct. 31 upon his return of a 3½ months circuit tour of countries in the South Pacific. "For the next ten years we shall have to give due consideration to the wishes of the United States," the diplomat remarked. He praised the recent conclusion of an agreement between the Tokyo and the Washington administrations limiting the exportation of Japanese textiles to the Islands as a "wise move." Mr. Debuchi spoke in glowing terms of the reception he had received in Australia and New Zealand, where, he said, an atmosphere friendly to Japan prevails.

"Feeling towards Japan is extremely good in Australia," Mr. Debuchi stated. "Throughout my stay there I never heard mention being made of the Manchurian Affair. On my part, I took advantage of the 45 occasions I had to speak at public gatherings to

stress Japan's sincere desire to promote world peace. I pointed to the similarity between Japan, Australia and New Zealand in that they were all islands bordering on the Pacific and cited our common need to prepare for the coming Pacific Era so that we may all contribute to the attainment of world fellowship."

## Kokumin Domei on Verge of Dissolution

Dissolution of the Kokumin Domei, Japan's third largest political party, is regarded as imminent, following indications of large-scale defections from the party ranks. On Oct. 30 Bunichiro Noda, a leading member of the party, made public a proposal for the dissolution of the organization, suggesting a merger of minority parties. Mr. Adachi, President of the party, is reported to be strongly opposed to dissolution. His opponents, however, declare that his joining the Government-sponsored National Policy Council, Japan's "brain trust," robbed the party of its *raison d'être*.

## Creation of Polity Organ Approved

Formation of an organ charged with the study of measures for the clarification of national polity and fostering of the spirit of Nipponism was approved by the Cabinet Nov. 4. The organization, which will be created in the Ministry of Education, will have 60 councillors, selected from among the nation's leading authorities on constitutional questions. The appointments will be made by the Cabinet at the recommendation of the Minister of Education. The council will study questions submitted to it by the Minister, also having the power to make recommendations on its own initiative.

## German Economic Mission Arrives in Japan

Dr. O. C. Kiep, German Minister Plenipotentiary arrived in Tokyo Oct. 30 heading a Reich economic mission to the Far East. Included in the party is Dr. Karl Knoll, chief of the Far Eastern Commerce Section of the German Foreign Office. The group is remaining in Japan for several weeks to discuss means to promote trade between Japan and Germany with local officials and business men. It will later visit Manchukuo, where the Reich yearly purchases large quantities of soya beans.

## Japan Also Has a "Mooney" Case

Released "without a stain on his character" after serving four years of a life sentence for murder, a Tokyo man is claiming five yen a day compensation. More than one self-confessed murderer has been cleared in recent years, says the *Japan Chronicle*; but if there was no confession, on what evidence was this man originally condemned to death? Either perjured witnesses must be blamed, or the Court was very much at fault in exaggerating the value of honest testimony which may have pointed the finger of suspicion but which was insufficient as proof. That is one of the weaknesses of Japanese law courts. In 99 trials out of a hundred, the Court has before it a full, signed confession in advances. The examination of witnesses and the balancing of their evidence is an unnecessary art.

## Eighty-Three Workmen Killed in Explosion in Fukuoka Mine

Thirty-seven miners were killed, 14 received serious injuries, and 46 are missing, as a result of a gas explosion in the third pit of the Akaike coal-mine at Ueno-mura in Fukuoka prefecture, during the night of Oct. 26.

## Korean Breaks Marathon Record at Tokyo Stadium

Son Kitei, a Korean, Nov. 3 broke the world's marathon run record, covering the distance in 2 hrs. 26 min. 42 sec. in the All-Japan Track and Field meet at the Meiji Shrine Stadium in Tokyo.

## Japanese Ex-servicemen Return from American Conference at New Orleans

Japan's delegates to the 36th annual convention of the Veterans of Foreign Wars of the United States in New Orleans returned to Yokohama Nov. 3 after an absence of nearly 3½ months. The delegation was headed by Admiral Isamu Takeshita, and Lieut.-Gen. Harushige Nonomiya. The others were Captain Hiroshi Nakamura and Shigeichiro Fujita, retired Army quartermaster. All four were commissioned before their departure on July 22 by Gen. Takao Suzuki, retired, in a ceremony at the Soldiers' Hall in Tokyo.

## Chinese Delegate to Y.W.C.A. Convention Arrives in Japan

Miss Shu-ching Ting, general secretary of the national committee of the Chinese Y.W.C.A., from Shanghai, is attending the Sixth National Convention of the Japanese Y.W.C.A. in Tokyo.

## Japanese National News Agency Plan Opposed by Provincial Press

The national news agency plan which has divided the journalistic world of Japan into two opposing groups, viz., the central newspapers and provincial newspapers, has become a most complicated problem. According to an investigation made by the *Shimbum-no Nihon*, (which is the counterpart in Japan of the *Editor and Publisher* in the U.S.), it was four years ago when the then War Minister General Araki and his fascistic faction was in power that the so-called emergency movement developed into the Manchurian Incident and also the desperate life-or-death diplomacy in Geneva, bringing with it a high tension similar to the one which prevailed in Japan just before the Russo-Japanese War.

The unification of public opinion was deemed necessary to cope with the emergency situation which was exposed to the danger of a possible second world war. It was considered necessary by the authorities concerned that all news in the press should be controlled to the exclusion of all opposition views and liberal comments so the public opinion might support the policy of the Government.

Toshio Shiratori, then chief of the Intelligence Bureau of the Foreign Office, and the younger officials of his faction who were in league with certain military authorities, decided then to control the news. Count Uchida, then Foreign Minister, stressed to Mr. Mitsunaga, president of the *Nippon Dempo* who hails from the same province with the Foreign Minister, the necessity of news control in view of the critical international situation. Here Mr. Mitsunaga, much concerned over the future of Japan from his patriotic spirit, agreed in writing to the news control plan of the authorities.

The military authorities at that time and the Foreign Office then pursuing the life-or-death diplomacy expressed extreme hatred against the *Asahi's* special cables from abroad and its editorial tone. They concluded that the *Asahi* not only refused to support the life-or-death diplomacy but also meant to confuse the national opinion of Japan. Hence, the cry for the destruction of the *Asahi*.

The news control plan as devised by Mr. Shiratori and his faction intended to place all foreign news from abroad under the control of the new national news agency and omit all news likely to prove barriers to the emergency diplomacy, and to prohibit the publication of all so-called special cables to newspapers from their special staff correspondents stationed in foreign countries.

Moreover, the proposed news agency was to be given powers to broadcast on short wave, to all newspapers throughout the country, all domestic and foreign news. After the so-called emergency faction retired, the short-wave broadcast plan was the only means by which the promoters of the *Alliance News Agency* plan (so-called *Rengo Relief Plan*) could threaten the provincial newspapers opposing the new news agency plan. In fact, one of the chief aims of the plan was to frustrate the *Asahi*.

The *Osaka Mainichi* and *Tokyo Nichi Nichi* were virtually the organs of the emergency extremists, propagandizing their cause. So the liberal tendency of the *Asahi* looked all the more repugnant to the emergency propagandists.

The atmosphere of the present Foreign Office toward the *Asahi* has much improved since the present Foreign Minister Mr. Hirota, Vice-Minister Shigemitsu and Chief of the Information Bureau Amau began pursuing a policy more in keeping with the views of the *Asahi*. Foreign Minister Hirota is a personal friend of the Editor-in-Chief, Taketora Ogata of the *Asahi*. Now that relations between the Foreign Office and the *Asahi* have become smoother, the *Asahi* has become one of the chief promoters of the present plan thus bringing up the issue as between the metropolitan press and the provincial press.

Mr. Amau, chief of the Intelligence Bureau of the Foreign Office, had an interview Oct. 18 with Major-General Yamashita, director of the Investigation Department of the War Office, and Colonel Hiroshi Nemoto, head of the Press Section of the War Office. The military authorities expressed the view that an organ should be established to maintain contact among the officials of Army, Navy, Foreign Office, Home Office and Communications Ministries namely, the Vice-ministers of the said five ministries, the chief of the press section of the Army, the chief of the Navy's publicity section, the chief librarian of the Peace Maintenance Section of the Home Office, the chief of the Intelligence Bureau of the Foreign Office the chief of the wireless telegraph section of the Communications Ministry, etc. It is believed generally that the Foreign Office authorities will change the previous course of action and follow the advice of the military authorities by submitting the whole matter to a joint conference of the five ministries concerned.

## Japanese Publish Alleged "Evidence" of Secret Orders

*Kuo Min* reported from Peiping, Nov. 5, that Japanese papers had published on Nov. 1 three fabricated documents, alleged to be "secret orders" of the Peiping Branch of the Military Affairs Commission, and reported the seizure of "evidence" to show that these documents in question were issued by the Chinese authorities.

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## Japan Advertiser May Change Hands:—James R. Young Said to Be Interested in Purchase

B. W. Fleisher, publisher of *The Japan Advertiser*, and Mrs. Fleisher, left Japan to return to the United States on September 12. Wilfrid Fleisher, Jr., managing editor of the same paper, and his wife left Japan late in May.

The return of Mr. Fleisher, Jr. was at first scheduled to be in September, and later it was postponed until October. Now it is said to be uncertain as to just when he will be returning to Japan. Mr. Fleisher, Sr. is expected to stay in the United States until March or April.

During the Fleishers' absence, James R. Young, business manager of *The Japan Advertiser*, has been entrusted with the whole management of the paper. According to information collected by the *Shimbun-no Nihon* (*Journalistic Japan*), Mr. Fleisher, Sr., tired with the management of *Advertiser*, has the intention of selling his paper if terms are agreeable. Mr. Young, on the other hand, is a young energetic businessman having excellent ability for management. He has entertained for some time the ambition of taking over and managing *The Japan Advertiser*.

As a preliminary to Mr. Young's purchase of the paper, it was decided that Mr. Young should try the management of the paper on a probation period. It is surmised that Mr. Young's final determination to purchase *Advertiser* and his preparations for it will be made before Mr. Fleisher, Sr. returns to Japan next spring.

Don Brown, who was the managing editor of the *Advertiser* until recently, has been replaced by H. Vere Redman, whose continued editorship is also regarded as doubtful.

## U.S. Diplomat Writes Book on Japan—Asks Tokyo to Help Finance It

The Tokyo *Asahi* recently stated that the Japan Foreign Office was surprised to get 12 volumes of a History of Japan written by an American named Wheeler, an official of the U.S. State Department, who asked for a grant of Yen 43,000 as part of the expense for publication. Ambassador Saito has praised the books.

The above evidently refers to Post Wheeler who has served in various posts at the American Embassy in Tokyo in past years and was married in Tokyo in 1906 to Hallie Erminie Rives-Wheeler, who like her husband, is a well-known author. Mr. Wheeler is the author of a story dealing with Japanese life in the current issue of *Asia*.

## American Missionary Without Visa Barred from Landing at Kobe

An American missionary in the Tokyo district (Walter P. Morse) was barred from landing at Kobe Oct. 23 and sent back to Shanghai because he had failed to get a passport visa from the Japanese Consulate at Shanghai. Previously influential foreigners residing in Japan had returned to Japan after travelling outside the country, and the fact that they had omitted to get a return visa was passed over. This is first time instance where the regulations have been enforced. The missionary in question had departed from Tokyo some time ago and after evangelistic work in China was returning to Kobe.

## First Stage of Sino-Japanese Rapprochement Seen in Appropriation of Boxer Funds

The *Shun Pao* printed a dispatch from Peiping October 30 to the effect that Japanese circles feel that the first stage of Sino-Japanese rapprochement has been reached with the decision of the Japanese authorities to appropriate Yen 1,720,000 every year from the proceeds of the Japanese Boxer Indemnity Refund to assist Chinese students studying in Japan and Japanese studying in China. Detailed discussions on this matter are being undertaken in Peiping.

## Death Occurs Suddenly of C. J. Corbett, Acting Head of Socony in Shanghai

The death occurred suddenly at the Country Hospital, Shanghai, Nov. 3 at the age of 45 of Ross John Corbett, acting-manager of the local branch of the Standard-Vacuum Oil Company. Mr. Corbett, who was apparently in the best of health, became ill on Friday morning from an attack of influenza which settled near his heart muscles. Mr. Corbett was born in August, 1890, in Chefoo, the son of veteran American missionaries. His mother is still in Chefoo and is connected with the North Presbyterian Mission. His father, was the late well-known and respected Rev. Hunter Corbett of the Presbyterian Mission, in the northern port. Deceased was connected with the Standard Oil Co. since 1911. He was president of the Columbia Country Club and was a member of the committee of the American Chamber of Commerce. He was a trustee of the Foreign Y.M.C.A.

## THE GIST OF JAPANESE PRESS OPINION

It is understood that Gen. Chiang Kai-shek has decided to appoint Gen. Feng Yu-hsiang, Commander of the Frontier Defence Forces. As the latter is closely related with the Soviets, the above appointment deserves serious attention of Japan which is now going to propose cooperation against Communism.—*Tokyo Chugai*.

If the allegation is true that Gen. Chiang Kai-shek is going to cooperate with the Soviet Communists for restraint of Japan, China is disregarding Japan's position as the only stabilizing influence in East Asia. In other words, she is thereby sowing seeds of fatal trouble with Japan and even between Japan and the Soviets.—*Tokyo Miyako*.

The so-called basic China policy of Japan recently defined for enforcement with the approval of the resident Japanese authorities in China aims at the early stabilization of North China and the common defence against Communist influence. If this is the case the policy is little different from the one hitherto pursued by Japan.—*Osaka Asahi*.

The present turbulent movement among the Chinese farmers in Hopeh Province for self-government attracts serious attention of the Japanese as not only destined to affect the future of North China but dangerously close by is the Tangku Treaty Zone. Japan should be well aware of the delicate situation and act accordingly.—*Tokyo Hoshi*.

The autonomy agitation of Hopeh Province seems now to be gradually dying down. But this does not mean the stabilization of the North China situation. If the Nanking Government would restore order in the Province, the first thing to do is to create a competent government to cooperate with Japan.—*Tokyo Miyako*.

Chinese Ambassador Chiang Tso-pin, in leaving Japan for his homeland professed his sincere intention to make Japan's China policy properly known to the Chinese. For the sake of the Sino-Japanese welfare, we hope that the Chinese Ambassador will employ his utmost efforts.—*Tokyo Miyako*.

It is quite timely that an agreement has now been reached between the Chinese and Japanese business bodies to create an economic organ of cooperation. The first objective of such organization should be revision of the Chinese tariff, and suspension of the anti-Japanese goods movements in China.—*Tokyo Chugai*.

China is going to hold another national conference of the Central Executives. Such conferences in the past often resulted in nothing substantial. But the coming one must be expected to define China's policy, if Nanking would cooperate with Japan.—*Tokyo Kokumin*.

Having succeeded in keeping the Manchou-Japanese exchange quotations at par, the Manchukuo authorities are now planning unification of the currency systems on the Japanese gold yen basis. That is no useless efforts on the part of that country, and we hope for practical success in the attempt.—*Tokyo Chugai*.

The public cannot understand why civilian accomplices should be sentenced to heavier punishment than the major offenders. Yet this is an actual fact with the May 16 Case. This unjust discrimination must be removed.—*Tokyo Asahi*.

It is only proper that the Government has decided on the abolition of almost all the investigation committees. Such committees, which includes the National Policy Council, are practically useless. It is absurd to appoint as proposed a committee concerning the polity problem.—*Tokyo Chugai*.

Factory workers and miners are in Japan protected now in various ways, but shopmen are not given the proper hours of rest. While it must be difficult to copy foreign customs all in all, it is nevertheless desirable that the proposed shopmen's law should be enforced as early as possible.—*Tokyo Kokumin*.

The disarmament parley will be called in the early party of December this year. It is highly problematical, however, whether the conference will result in a satisfactory agreement when the fundamental difference of the stand assumed by this country and the Anglo-American Governments still remains so great.—*Tokyo Miyako*.

The trend of late among the national leaders towards advocacy of taxation increase is becoming more conspicuous. This is not unnatural, after all, in view of the unavoidable nature of the swelling budget. The Finance Office must be expected to take advantage of this tendency to formulate a practical budget.—*Osaka Asahi*.

## Tokyo Cabinet Approves Aid to Manchukuo Currency

A measure providing for aid in the control and stabilization of Manchukuo currency was approved by the Cabinet in Tokyo, Nov. 1.

The bill provides for the transfer of certain functions of the Bank of Chosen to the Bank of Manchu, the details to be agreed upon between the officials of the two institutions. Other Japanese banks in the new Empire have also expressed their willingness to aid in stabilizing the Manchurian currency.

Japanese nationals in Manchukuo, the Kwantung Army and the South Manchuria Railway Company also undertake to use Manchukuo currency to the greatest possible extent. The terms of the measure approved however, do not extend to the Kwantung Leased Territory. Eventual parity between the Yen and the Yuan is one of the aims of the bill.

Among the points in the proposed plan are :

Payment to the Japanese soldiers in Manchukuo to be made in Manchukuo currency and compulsory savings in Manchukuo currency to be imposed on Government officials of Japanese nationality; payment of the South Manchuria Railway and eventually the fares on the railway to be made in Manchukuo currency; loans of the Bank of Chosen in Manchukuo and other business hereafter to be transacted in Manchukuo currency and the Bank of Chosen notes gradually withdrawn; in the Kwantung Leased Territory and on the Manchukuo-Korean border, prevention of capital flight from Manchukuo to be aided from the outside by means of double tariff and other measures. Speculation in Manchukuo currency to be restricted. For this purpose, the Kwantung exchange control law is to be partly revised. None of the Manchukuo branches of Japanese banks to claim extraterritoriality but faithfully to accept the Manchukuo exchange control law.

### Yen-Yuan Parity Aimed at in Manchuria

A measure designed to aid in the stabilization of Manchukuo currency and the maintenance of yen-yuan parity was submitted to the Cabinet on Nov. 4 by Korekiyo Takahashi, Minister of Finance. The scheme was drafted after a series of conferences among the officials of the Hsinking and Tokyo Finance Ministries and banks interested in Manchukuo, including the Banks of Japan and Chosen.

### Bank of Chosen Notes to be Added to Manchukuo Central Bank Reserves

In order to prevent the Bank of Chosen from suffering losses on account of the new policy for the stabilization of the Manchukuo-Japanese exchange rate which will gradually reduce the circulation of the Bank of Chosen notes, it has been decided that the bank-notes be included in the reserves of the Central Bank of Manchukuo.

Hereafter, accordingly, when the Bank of Chosen wants to accommodate loans or transact other business in Manchukuo, its bank-notes can be carried into the Central Bank of Manchukuo and the loans be made in Manchukuo currency to the extent of the value of the bank-notes so that so long as the Manchukuo-Japanese exchange rate remains at par, it will accrue every convenience.

### Manchukuo-Japan Joint Company for Manchurian Development to be Inaugurated

The Manchurian Development Company planned by the Overseas Ministry in consultation with the Kwantung Army, the South Manchuria Railway Company and other quarters will shortly be established on a Manchukuo-Japan joint enterprise basis with a capital of Yen 15,000,000. The new company will devote itself in the main to agricultural emigration to Manchukuo. The capital is to be made up of Yen 5,000,000 from the Manchukuo Government, Yen 5,000,000 from the S.M.R. and Yen 5,000,000 from special Japanese financial interests. The new company will use for the time being the commercial land concession extending over 1,000,000 chobu (one chobu is equal to 2.5 acres) at present possession of the Toa Industry Company. The new company will take over the business of looking after the armed emigrants hitherto under the jurisdiction of the Overseas Ministry and also devote itself to the care of collective immigrant agriculture.

### Tokyo Exchequer to Have Offices in Hsinking and Shanghai

An office of a financial commissioner will soon be established in Hsinking by the Finance Ministry, with a branch office in Shanghai. Exchequer officials in Tokyo announced Oct. 31. The Commissioner's chief task will be the supervision over the Japan-Manchukuo joint currency control, while the Shanghai office will mainly seek to establish contacts and promote Sino-Japanese economic co-operation.

### Manchurian Council Delays Study of Postal Treaty

Consideration of the Japan-Manchukuo postal treaty by a special committee of the Privy Council has been postponed until after the annual grand military maneuvers being held this month. The delay in the study of the agreement, which will transfer Japanese postal rights in the South Manchuria Railway zone to the new Empire, has been caused by the inevitable absence from Tokyo of Gen. Yoshiaki Kawashima, War Minister, who must make the report on the treaty.

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### London Types.—The Muffin Man.

The muffin-man re-appears upon London streets every autumn. His bell is a welcome sound to all who like the famous muffins and crumpets he vends with their afternoon tea. That these delicacies are indigestible does not damp the ardour of these devotees, especially if they use Pinkettes to aid digestion and to keep their internal machinery clean and in good regular working order.

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## Soviets Construct Many Industrial Plants in Siberia

In connection with the October Revolution, (celebrated Nov. 7 owing to the change from the Julian to the Gregorian calendar) the Soviet press summarized the great advances made in the development of Socialist industry and agriculture in West Siberia. A giant steel and iron plant has been constructed at Kuznetsk basin; it has produced more than one million tons of coal per month in 1935 as against about 900 thousand tons during all of 1913. Several large mines each having a yearly production of 1.5 million tons of coal have been opened in recent years. A giant chemical industry is springing up at Kemerovo, and a powerful mining machinery manufacturing plant is now under construction at Novosibirsk.

The construction of a footwear factory designed to produce 7,300 thousand pairs of footwear a year will be completed by the 18th anniversary of the Revolution. A large mixture yarn mill is under construction at Barnaul. The capacity of power installations in the region increased almost  $1\frac{1}{2}$  times for 1933-'34, alone.

Several powerful electric stations have been constructed and the Novosibirsk thermo-electric main station will soon start operating. The rise in industry has been accompanied by a great growth in the population of the cities.

Last year, the Spassk cement plant started operating. In the rapidly growing Komsomolsk, a gigantic shipbuilding plant is under construction and the construction of a steel and iron works has been started. In the town of Voroshilov a large fat works and a sugar factory are already turning out products. The powerful Artem city electric station is now under construction and will supply electric power for industry in Artem and Vladivostok.

### Oil-Cracking Plant in Khabarovsk Completed—Will Use Crude Oil from Sakhalin

The construction of the last workshop of the new cracking plants at Khabarovsk has been completed. It will use crude oil from Sakhalin. The new plant will provide said region with oil products which were previously imported from the central part of the U.S.S.R.

### Plot to Wreck Grodekovo Vladivostok Railway Foiled by Soviet Guards

Reports received from Khabarovsk stated that on October 26 a group of six armed Koreans crossed the border into Soviet territory from Manchuria and were met by the Soviet frontier patrol northeast of Poltavka Station. In an attempt to resist the frontier guards, who intended to detain them, the bandits opened fire. As the result of the skirmish that followed two of the Koreans were killed and two were wounded. The remaining two disappeared during the skirmish but were met by another frontier patrol upon which they opened fire. One of the bandits was mortally wounded by the fire returned by the patrol. The last bandit succeeded in escaping. *Tass* says that a pile of counter-revolutionary literature, two Browning pistols, two Mausers, two wrenches for unscrewing rail joints and a small crowbar for pulling out spikes with which rails are fastened to the ties, were found at the spot the incident took place. These "accessories" as well as the direction in which the bandits were moving indicated that they sought to destroy the railway connecting Grodekovo with Vladivostok. According to statements, made by members of their band, it was organized and sent into Soviet territory with the object of destroying the railway track and wrecking trains. A second band of seven or eight men had been organized by the same military organ and was to have been sent into Soviet territory within five or six days after the first band returned to Manchukuo territory.

### General Waters, British Expert, Comments Favorably on Soviet Army

The London *Army, Navy and Airforce Gazette*, a military journal, published an extensive article Nov. 4 written by General Waters, former British Military Attache, after his recent visit to Soviet Russia. "From the point of view of its fighting capacity," writes General Waters, "I consider the Red Army on a level with the strongest armies in Europe."

Dwelling on the situation in the Far East, the General writes: "The U.S.S.R. is inaccessible in this region now. The existence of a first-class army and a great number of large bomb-carriers and the independence of the Far Eastern Red Army from the European part of the U.S.S.R. produces an extremely sobering effect on the Japanese military. Should the U.S.S.R. not have taken care to strengthen her defenses more than one country could be found in Europe which would willingly attempt to attack the U.S.S.R. again."

### Soviet Gold Output Greater than that of U.S. and Canada

*Za Industrializatsiu* published a statement Nov. 3 made by M. Serebrovsky, head of the Chief Administration of Gold Mining Trusts, saying that due to the widely extended Stakhanov movement for greater labor productivity, the 11 months program for

the entire gold mining industry will be fulfilled by Nov. 7, the day of the 18th anniversary of the October Revolution.

Soviet Russia's gold output during last year was more than that of the United States and Canada, and by 1940 will reach £80,000,000 annually, according to an official review made public on the same date. The review also stated that numerous new gold strata had been recently discovered in the Caucasus, Kazakstan and Arctic.

### Soviet Tea Production Shows Increase

12,547 thousand kilograms of tea leaves were gathered by the plantations of the U.S.S.R. by Oct. 15, nearly doubling the amount gathered in 1934 and ten times more than that in 1931. 2,245 thousand kilograms of tea were turned out by 10 factories in the U.S.S.R. by Oct. 25, exceeding the entire output of 1934 by 602 thousand kilograms, a *Tass* message from Moscow Nov. 3 stated.

## Soviets Reject Japanese Version of Recent Border Clashes

The Soviet Ambassador in Tokyo Nov. 5 presented a note to Mr. Hirota, the Japanese Foreign Minister, rejecting as "completely unfounded" the Japanese contention that the frontier clashes of October 6 and 12 were due to the illegal activities of Soviet frontier guards.

The note declared that the clashes were precipitated by the "illegal penetration of mixed Japanese and Manchukuo armed bands into Soviet territory," where they attacked Soviet patrols.

Both the Japanese and Soviet versions of the clashes differ substantially. The Soviet authorities made a protest at the time of the incidents based on the allegation that a detachment of 50 Japanese Manchukuo troops crossed the Soviet frontier at Grodevok, near Habarovsk, and fired on some Russian guards who responded, several persons being killed or wounded during the exchange. According to the Japanese version, a patrol of Manchukuo infantry encountered six Soviet cavalymen in Manchurian territory on October 6 at a point 13 miles west of Novo Alekseyefskaya. The cavalymen, on being challenged, opened fire, and the Manchukuo patrol replied. The "invaders" retreated, and were pursued to the Soviet frontier by the Manchukuo patrol, which succeeded in capturing a horse.

The Manchukuo infantrymen then conducted a search in the district, and found that temporary bridges had been constructed to facilitate the movements of cavalry. A special detachment was sent on October 12 to investigate the incident and at 3 o'clock that afternoon encountered 50 Soviet cavalymen in the same district, armed with machine-guns and bombs. The cavalymen, so the account goes, opened fire and attempted to surround the detachment. Fighting ensued, but the nature and extent of the casualties are not known.

In the meantime both sides have accused the other of sending soldiers in uniform across the border on various occasions.

## Japan's Imports Into China Exceed Those from U.S. in September

An official report reaching the Tokyo Foreign Office Oct. 30 from Acting Commercial Counsellor Iwai in China stated that during September Japan dethroned the United States from the top position in China's trade with foreign countries and secured first position. China's trade during September consisted of: Imports, \$54,360,000 and exports \$45,640,000. Compared with the preceding month, the imports showed a slight drop while the exports gained slightly.

The total trade figures since the first of January, compared with the corresponding period of last year, dropped by 9.4 per cent in imports, 0.7 per cent in exports and 18 per cent in excess imports.

China's trade with Japan, the United States and England during September and since January 1 follows:

|         |     | IMPORTS      | Total since January |
|---------|-----|--------------|---------------------|
|         |     | September    |                     |
| Japan   | ... | \$9,270,000  | \$103,440,000       |
| U.S.    | ... | 9,150,000    | 139,390,000         |
| England | ... | 6,190,000    | 72,800,000          |
|         |     | EXPORTS      |                     |
| U.S.    | ... | \$10,070,000 | \$94,230,000        |
| Japan   | ... | 6,530,000    | 47,250,000          |
| England | ... | 4,880,000    | 36,100,000          |

## Ford Car Production Hits More Than a Million This Year

Henry Ford Nov. 4 made good his promise of a year ago to build a million Ford cars in 1935. He did better than that. He built one million cars in ten months. The total production for the full year 1935 will probably run to 1,180,000.



## Soviets Will Take Active Part in Institute of Pacific Relations Conference

The U.S.S.R. Pacific Institute, affiliated with the International Institute of Pacific Relations, is preparing to participate in the forthcoming conference of the Institute to be held in California in 1936. The Institute is gathering material on the problem of the differences in the Pacific and on the national policy of the U.S.S.R. in the Soviet Far East and a collection of articles, describing the economic development and Socialist upbuilding of the Far Eastern Region of the U.S.S.R. At the same time, the Institute is preparing for publication a special collection of articles by Soviet authors on a number of questions concerning politics and economics in the Pacific countries.

## Telegraph Service Between North China and Manchukuo Now Open

Transmission of messages in the Japanese language between Peiping and Tientsin and with the larger cities of Manchukuo began Nov. 1. Chinese telegraphists versed in the Japanese characters were sent to Tientsin and Peiping to inaugurate the service.

### Japanese Flier Shot by Jehol Bandits

Flight-Lieutenant Yasumasu Ogawa was killed Oct. 30 while bombing a force of bandits who were about to attack the walled city of Chienping in Jehol. His body was found slumped in the after cockpit of the light bomber in which he was flying. A bullet had pierced his chest. The bomber was part of an aerial force which was co-operating with a land detachment under Major-Gen. Bunzaburo Kawagishi which was detailed to relieve Chienping.

### Two Japanese Soldiers Killed in Bandit "Clean-Up" Work

One Japanese soldier was killed in action Oct. 23 when the Murakami punitive squad encountered and repulsed a band of 80 bandits to the south of Hsutaizu on the Antung-Mukden railway line. One Japanese soldier was killed in action Oct. 20 when the Suzuki punitive force waged an engagement with bandits at Sanchatzu in the southwestern part of Chinchow Province.

### Freight Tariff Raise Seen Possible by D.K.K.

A general rise in the prevailing freight tariff to cover losses caused by the depreciation of Chinese currency as a result of the measures that went into effect this week is held likely by officials of the Dairen Kisen Kaisha here.

### Secret Conference in Hsinking Discusses S.M.R. Relations to North China

More than 20 of the most important Japanese leaders in Manchuria, led by Gen. Minami, Commander-in-Chief of the Kwantung Army, Y. Matsuoka, head of the South Manchuria Railway, and Mr. Takase, of the Kwantung Bureau, met in a secret conference at Changchun Oct. 30. It is understood that they discussed the participation of the S.M.R. in north China, economic problems and the co-ordination of Japanese activities on the Asiatic continent.

### Japanese Consuls Discuss Repercussions of Wang Ching-wei Attack

Repercussions which may follow the attack on Wang Ching-wei, President of the Executive Yuan, were discussed at a three-hour conference of Japanese consular officials stationed in Manchukuo Nov. 2 at Hsinking. The meeting was called to receive instructions on Japan's policy towards China from Goro Morishima, Chief of the First Section of the East Asian Affairs Bureau of the Foreign Office.

Mr. Morishima also made a report on the situation in China, followed by a discussion on the recent developments in North China, including the warning issued last week by Mr. Shigeru Kawagoe, Consul-General in Tientsin. Officials stationed in cities throughout the new Empire made detailed reports on the situation in their districts.

The conference was attended by Masayuki Tani and Waro Moriya, Counsellors of the Japanese Embassy in Hsinking; Shoshiro Satoh, Consul-General in Harbin; Hiroshi Kawamura, Consul-General; Uzuhiiko Usami, Consul-General in Mukden; Shohpei Morioka, Consul-General in Kirin; Kiyoshi Nagai, Consul-General at Chientao; and others consuls.

Lieut.-Col. Ryudichi Tanaka and Lieut.-Col. Tadashi Hanaya, staff officers of the Kwantung Army, also attended the meeting.

### State Council Approves Hsinking Reforms

The State Council of the Manchukuo Government Nov. 5 approved a drastic reorganization of the General Affairs Department. A planning section will be established within the department, while the Bureau of legislation, now an independent organization, will be incorporated into the Department. Simultaneously, the section of supplies now attached to the Department will be separated from it. Under the reform plan the Department will be enlarged, consisting of seven sections: personnel, accounts, legislation, information and intelligence, planning and statistics.

## In the United States Court for China

In re.  
Last Will and Testament  
of  
LIZZIE EDITH  
CHUBBUCK KEMPTON,  
Deceased

Cause No. 3966  
Special Proceedings  
No. 1036

### NOTICE

Filed at Shanghai, China,  
October 14, 1935.  
William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of LIZZIE EDITH CHUBBUCK KEMPTON, deceased, to present the same with vouchers to the undersigned on or before April 20, 1936, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

GEORGE ASHMORE FITCH,  
Executor,  
c/o Foreign Y.M.C.A., Shanghai.

Shanghai, China.

October 14, 1935.

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# Sino-Siamese Problem and Its Solution

BY S. G. ONG

THE furore about the suppression of Chinese schools in Siam has recently subsided and the indignation manifested by the Chinese populace towards the Siamese Government's high-handed action seems to have cooled down. However, the importance of the question concerning the suppression of Chinese education and the solution of Sino-Siamese differences does not in any way diminish. In fact, the Chinese leaders have realized this importance and have been organizing an investigation party to Siam with the hope of finding out some ways to settle the question. We sincerely hope that the party will be crowned with success in their mission and will bring back home light on the solution of Sino-Siamese questions. On this occasion, the writer ventures to take the opportunity to trace the development of Sino-Siamese differences and try to offer some suggestions for their solution.

## The Suppression of Chinese Schools and Its Reaction

Since the Siamese Government promulgated the regulations governing the establishment of private schools in 1918, it has, regarding the Chinese nationals in that country, pursued a definite policy with the sole aim to assimilate them. This policy has been rigorously enforced and its severity has been intensified since the "Bloodless Revolution" in 1932 raised the People's Party into power in Siam, and has culminated in the closure of scores of Chinese schools in that country. Being driven to a desperate position, the Chinese residents sent, some months ago, a delegation to China to petition the government to take a positive step toward the Siamese government and to enlist the support of their compatriots at home in their efforts to overcome their difficulties. In response to this appeal, Chinese merchants have, in spite of the unwillingness of the government to ban Siamese rice, discontinued the importation of Siamese rice to some extent and various civic organizations have invariably expressed their sympathy with their compatriots in Siam in their sufferings. But whether these steps will modify the policy of the Siamese government toward the Chinese in that country is questionable.

## Chinese Hold Predominant Economic Positions in Siam

Being a fertile country with only a population of about 11,940,000, Siam has been for a long time one of the most important fields for Chinese emigrants. Recently Chinese population in that country was estimated to be 3,000,000 (about one-fourth of the whole population), a large part of whom, however, are Siam-born. Due to their perseverance and industry as well as to the aversion (if not inability) of the Siamese people to other labor than agricultural, most of the industries and trades in that country have fallen into their hands.

## Two Alternatives Confront Chinese in Siam

The spirit of nationalism spread to that country even when it was still under the rule of an absolute monarchy and has taken a serious turn for the worse since the successful *coup d'état* in 1932. Since then the Chinese in Siam have been the victims of this nationalism. The leaders of the People's Party, who dominate the present government in Siam, consider the presence of a large number of Chinese nationals in their country detrimental to the safety of their country. They know that the Chinese there have no political ambition whatsoever, but they simply cannot reconcile themselves to the presence of a large alien community which retains its own customs and language. This has given rise to the movement to assimilate all Chinese staying in that country, which in turn has caused the suppression of Chinese education with ever increasing severity. Chinese boys and girls, whether they are born in Siam or China, are compelled to enter government schools. The Chinese schools are required to teach in Siamese 25 hours a week, and, as a result of the alleged failure to comply with the regulations, many of them have been closed down. It is said that some day all Chinese schools in Siam will have to be totally abolished. The restriction on new Chinese immigrants has been tightened also. The immigration tax had been made heavier so as to discourage new immigration; illiterates are refused entry so as to block the coming of Chinese women; great difficulties are placed in the way of Chinese children returning to China so that their chances of getting educated in their mother country will be diminished. All these restrictions have been introduced with no other aim than to prevent the Chinese in that country from having any more close relations with their mother country and to stop further emigration from China so that the absorption of the Chinese already in Siam may be more effectively carried out.

In spite of all these severe restrictions, the Siamese government seems to be still worrying about the Chinese who hold an important position in the economic life of the country as they may not easily give in, but may employ their economic power to withstand the assimilation measures. At the same time, leaders of the government view the predominant economic power of the Chinese with alarm; they consider the existence of this economic predominance by Chinese as inimical to the welfare of the Siamese people. Such worry and alarm has been lately transformed into an agitation

against Chinese and has taken the form of legislation restricting Chinese enterprises in that country as well as imposing heavy taxes on Chinese business and industry.

## The Failure to Attain a Settlement and Why

In view of the seriousness of the situation confronting the Chinese in Siam, there is not the slightest doubt that some step must be taken to protect them. But considering the determination of the Siamese government to carry out its policy of assimilation, we doubt very much if the boycott by some merchants, or even a ban by the Chinese government, of Siamese rice will contribute much to the settlement of the question. Pressure may, indeed, induce the Siamese government to soften its policy, but it can only provide a temporary relief to our compatriots. So long as the outstanding problems concerning nationality, education and taxation, have not been solved, the grievances of the Chinese in Siam will remain.

It is well known that the failure to settle the Sino-Siamese controversy has been due to the obstinate attitude of the Siamese government toward China's advances. Many times the Chinese Government has proposed to the Siamese government through its diplomatic representatives in foreign countries to establish diplomatic relations and to conclude a treaty, but on each occasion the Siamese government has rejected the proposal. This attitude is indeed puzzling. Some attribute this obdurate attitude to Siam's self-confidence that she can do any thing with the Chinese in her territory, for China is too powerless, at present, to give protection to her citizens abroad. It has also been claimed that the Siamese government has adopted that attitude toward China on the instigation or encouragement of a certain country. Such conjectures, however, may be viewed lightly, but there is no denying that the Siamese government has been confronted with many difficulties as regards its internal political problems. Siam desires to promote the welfare of her people but she is faced with the predominant economic power of the Chinese business-men, whose interests are certainly not altogether in common with those of the natives. As has been pointed out, Siam is also nervous about the presence of a large number of aliens who hold sway over her economic life. In view of this it is not altogether unexpected that Siam, being imbued with nationalistic ideas, should have adopted an anti-foreign policy with regard to the Chinese in that country. It is also natural that the Siamese government is indisposed to have any foreign country interfere with her in her internal problems. This seems to be the main reason why Siam has adopted an evasive attitude toward the Chinese government's request for concluding a treaty and entering into diplomatic relations.

## Chinese Should Have a New Policy

It may be well to point out, in this connection, that Siam did once make known her willingness to negotiate with China for a treaty, provided China would first exchange views with her with the object of attaining a "clear understanding" about the "fundamental principles" of the treaty, but the Chinese government seemed to have been anxious to establish formal diplomatic relations first before settling all outstanding questions. Thus nothing has been done toward the solution of the Sino-Siamese question. Of course it would be desirable for China to have diplomatic relations established first as it would give her a better chance of settling the controversy in her favor, but it must be borne in mind that in this matter China is the one that is anxious for an early settlement, whereas Siam is apprehensive that the settlement may bring her more internal difficulties. Undoubtedly nothing would be more absurd than to expect Siam to concede to China's wish. But to be logical, China should meet Siam's aspirations, if it would lead to the early settlement of Sino-Siamese questions.

It does not, however, follow that every demand that Siam asks should be accepted. This would completely defeat the original purpose of settling Sino-Siamese differences and would undoubtedly aggravate the sufferings of the Chinese in Siam, instead of relieving them. But so long as the demands will not prejudice the interests of overseas Chinese in Siam and China's rights over her citizens there, it would certainly be advantageous to both countries if China should give this matter full consideration. We should congratulate our governmental and industrial leaders for their farsightedness in realizing the necessity of sending to Siam a mission which includes such important persons as Messrs. Lin Ping and Lin Kang-hou.

## The Minimum Conditions for the Settlement

It seems to the writer that some suggestions for the solution of Sino-Siamese questions are not out of place here. In his opinion the following constitute the basis of the solution of Sino-Siamese questions which China should hold fast to:—

The first is that, though China may not object to Siam's right to confer nationality upon Siam-born Chinese and may, therefore, afford no protection to them, she must insist that Siam at the same time recognize the principle of renunciation which has been incorporated in Art. 6 of the Convention of Certain Questions Relating to the Conflict of Nationality Law of 1930. This article reads as follows: . . . a person possessing two nationalities acquired without any voluntary act on his part may renounce one of them with the authorisation of the State whose nationality he desires to surrender. It must not be misunderstood that, by not objecting to Siam's right to confer nationality on the Chinese born in Siam, we do not mean that China renounces all her rights over them. This concession

## Who's Who in China



梅貽琳  
Mei Yi-lin

Y. L. Mei, army medical officer; born in Tientsin, Oct. 2, 1896; B. A. University of Chicago; M. D. Rush College, Chicago; P. H. D. Johns Hopkins School of Public Health, Baltimore; fellow, London School of Tropical Medicine; chief of Epidemiology Division, National Epidemic Prevention Bureau; professor of preventive medicine, Shanghai Medical College; senior expert, Ministry of Health, Commissioner of Public Health, Municipality of Nanking; now Director of Medical Department, Ministry of War; address: Medical Department, Ministry of War, Nanking.

梅貽琳，河北天津人，曾肄業於美國芝加哥大學，得文學士，後入芝加哥魯照大學，得醫學碩士，後至鮑迪馬入霍伯斯公共衛生研究院得衛生學博士，後赴英國入倫敦熱帶病學院為學員。回國後歷任全國防疫處時疫組主任，上海醫學院防疫科教授，衛生部高級專員，南京市衛生局局長，軍政部軍醫處處長，現任斯職。通訊處：南京軍政部軍醫處。

on the part of China is only to avoid complications that may occur if China should attempt to exercise authority over, or accord diplomatic protection to, Chinese nationals in Siam who possess at the same time Siamese nationality. Many a country now has taken the same measure as above with regard to its nationals residing in the territory of another state which claims them as its nationals. Indeed, it is highly probable that the above practice will, in the not distant future, be accepted by the family of nations as a rule of international law.

As regards other questions, such as education, taxes, industrial privileges, etc., they shall be settled in accordance with the nationality of the persons concerned. Those, whose Chinese nationality is definitely established according to the principles of international law, shall have rights and privileges which are enjoyed by the nationals of any other country. They shall be allowed to have freedom of education, including the maintenance of Chinese schools. In this connection, it should be remembered that all Chinese children born in China and now staying in Siam have been compelled recently to study Siamese. This action is absolutely incompatible with the usage of international law, as the right to force compulsory education on alien children has never been granted by international law. Therefore, the Chinese government should take strong exception to the above action of the Siamese government. China should also demand that Chinese nationals shall not be subjected to taxes, imposts, or contributions higher or other than those to which nationals of any other country may be subjected, nor shall they be deprived of the privileges which the Chinese in Siam have been enjoying for a long time. They shall enjoy the same treatment, with respect to the laws, jurisdiction and procedure in civil, criminal and other matters, as the nationals of any other country.

It is needless to say that, when she has settled her difference with Siam, China shall accredit her diplomatic and consular officials to that country to see that the legitimate interests of her citizens are not violated or ignored by Siam.

Shanghai, October 30, 1935.

### Sir Frederick Leith-Ross Denies British Loan Rumors

The rumors that the recently announced currency scheme of the Chinese Government resulted from an arrangement for a British loan or credit to China has led to an emphatic denial by Sir Frederick Leith-Ross, who, it is understood, authorized the denial to be published abroad.

Sir Frederick has, he admits, discussed loan possibilities with the Japanese and American Ambassadors but, explained to the *North-China Daily News* Nov. 6, that the Chinese Government had been compelled to take action by the market situation without assurances of a loan from the Powers.

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## Settlement of Long-Term Credit Loans Is Postponed

Under instructions from the Ministry of Finance and at the request of the merchants, the local Chinese banks (both native and modern) have agreed to postpone, until April 30 next year, the settlement of long-term credit loans which were due Oct. 31.

### Wenchi Paper Mill to Increase Capital—Better Equipment to Be Provided

The Ministry of Industry has decided to increase the capital of the projected newsprint paper mill in Wenchi, near Wenchow, Chekiang, to \$4,600,000. Capital was originally fixed at \$4,000,000, consisting of \$3,000,000 Government and \$1,000,000 private shares. In order to provide better equipment, however, the Ministry intends to increase the capital to \$4,600,000, with the Government subscribing \$4,000,000 and private interests \$600,000.

### Telegraph Bonds Hypothecated for Sixty Percent of Value

As a result of protracted negotiations, the Ministry of Communications and Shanghai bankers have come to a definite understanding in regard to the hypothecation of the telegraph bonds of \$10,000,000 for a cash loan of \$6,000,000.

### Smuggling in Amoy Discovered

The Amoy authorities have discovered a number of well organized companies, engaged especially in the illegal practice of smuggling. Although no names have been published, it is learned that a number of employees in Government offices are closely connected with these smuggling houses and people of a certain country are protecting them in the illegal business.

### Formosans Demand Payment of Old Loans

The Formosan creditors are demanding the return of \$7,000,000 borrowed by the Fukien Provincial Government during the time when Li Hou-ki was Governor of Fukien. When General Chen Yi, Chairman of the Fukien Government was in Formosa recently, he was urged to readjust the loan immediately.

### Kailan Miners Requested to Register

In an attempt to prevent the miners from joining rebellious movements, the authorities of the Kailan Mining Administration have instructed all the miners to register with the company. Because of the poor business conditions, the Kailan mining authorities held a conference with the contractors last week to discuss ways and means to reduce the production of the mines by 1,000 tons per day. As this measure will seriously affect the miners, the contractors refused to accept it. However, the *Shun Pao* understands that the Kailan mining authorities will take some drastic actions in the near future to cut operating expenses, in view of present business conditions.

### Hunan-Kiangsi Railway Route Decided Upon

The route for the Hunan-Kiangsi section of the projected Nanking-Hunan Railway (an extension of the Chekiang-Kiangsi Railway) has been fixed by Lin Hung-hsun, Managing-Director of the Chuchow-Shiuchow section of the Canton-Hankow Railway and concurrently Director and Chief Engineer of the Engineering Bureau in charge. Subject to the approval of the Ministry of Railways, the proposed line will start from Nanchang, provincial capital of Kiangsi, pass Kaoan, Shangkao and Wantsai, in western Kiangsi, and terminate at the Liling station of the Pingsiang-Chuchow Railway, in eastern Hunan. The cost of construction is estimated at \$16 millions.

### Kailan Mines Make New Agreement for Coal Freight

With the approval of the Ministry of Railways, a new agreement with the Kailan Mines governing the transportation of coal by the Peiping-Liaoning Railway came into force Nov. 1. The Mining Administration must guarantee the annual railway freight bill will not be less than \$5 millions, in order to maintain the minimum volume of business from the Mining Administration.

### Canton Officials Ask for Protection for Native Sugar

Au Fang-pu, Commissioner of Finance of the Canton Provincial Government, and Hu Chi-hsien, member of the same Government, Oct. 24, jointly submitted a proposal to the Political Research Committee requesting that the following steps be adopted to protect the market of native sugar: Sugar coming from other provinces should be examined and ascertained that it is entirely produced by Chinese before being allowed for sale; all sugar merchants of Kwangtung who desire to dispose of their products within the province must join the Cooperative Distributing Societies for Native Sugar, which are to be established in various large of cities the province.

## British Official from Mexico Arrives in London by Plane

Harold L. Farquhar, former First Secretary of the British Legation in Mexico City, reached London Oct. 29, concluding a 22,000-mile hold-day flight around the world. Mr. Farquhar, was accompanied by Herr Bieler, a naturalized Mexican. They passed through Shanghai Sept. 26.

## Detailed Account of Brutal Attack by Japanese on Tobacco Salesman

Full details of the attack on James Mason, English youth from Manila, who was a tobacco company salesman in Manchuria, have come to light after an investigation of weeks made by Japanese officials, the British consulate general and American newspaper representatives in Hsinking. The story was told in recent *Associated Press* correspondence in the *Manila Bulletin*.

The attack occurred June 29 and resulted in representations by Great Britain to the Japanese government. Mason, born at Manila, had been in Manchuria only a few months, as a salesman for the Chi Tung tobacco company, Manchurian subsidiary for the British-American tobacco company. He is a crack golfer.

Mason returned to Mukden after the attack "in a shocking condition," a messmate related. He was a mass of bruises and wounds which were serious because he had not had the most simple attention.

The whole affair was kept secret until inquiries from Tokyo brought out the British version. This was that Mason, who resides at the Chi Tung mess in Mukden, was on a business trip. On June 29 he attended a Chinese feast with some local dealers and on the way back to his hotel he stopped in a Japanese cafe for a glass of beer. He invited a Japanese to have a drink but the latter refused. When nevertheless a drink was served to the Japanese Mason suggested the man pay for it himself, and an altercation resulted.

Mason had no difficulty in dealing with the man until other Japanese joined in. The police arrived and took the principals to a police box. There more Japanese overpowered the Briton and he was severely beaten and kicked.

At the central police station, Mason, it was charged at the consulate general, was kicked and stamped on with heavy shoes, confined in a bare cell and refused permission to communicate with the consul. On the second day he was induced to sign a statement that he had no complaint against the police and would bring no charges. The third day he was released and returned to Mukden where the case was laid before the British consulate.

The consul general made a stroung protest to General Minami, the Japanese commander in chief, but Minami said it was his personal opinion that the British had no extra-territorial rights. The protest then went to the embassy at Tokyo. The Japanese version was that it was not clear who struck the first blow. The police said they "invited" the disputants to the police box and there about 40 Japanese tried to push their way into the place, so the officers shut the door. Mason, they asserted, misunderstood, became violent, and "unhinged the jaw" of one policeman. At the police station where both disputants were taken, it developed the next day the Japanese was an employe of the supply department of a Japanese aviation regiment, admitted having had a good deal to drink and also that he had called Mason an objectionable name in Japanese. The action of the police in failing to communicate with the consul general was at variance with procedure in a later case of an American. The American consul general was notified at once and the case settled promptly. Mason said simply his initial for picked a fight, and was getting the worst of it when everybody joined in. At the police box, he declared, there was a general attack by a big crowd. "They finally got me down and gave me the works," he said.

## Tientsin Press Censorship Head Is "Kidnapped"—Released Following Day

Wang I-fan, Deputy Director of the Tientsin Press Censorship Bureau, and four of his assistants, were kidnapped from their office in Tientsin on the night of Oct. 28 by a number of Japanese in civilian clothes, guided by a Chinese. They were kept over night in the Japanese military barracks and released the following day. According to an explanation issued, the men were arrested on complaints that they were members of the Blue Shirt organization and had engaged in anti-Japanese activities, but an investigation proved the charges to be unfounded.

## Cypress Trees at Ming Tombs Allegedly Cut Down and Sold to Japanese

Out of 200 old cypress trees around the Ming tombs (A.D. 1368-1644) in Changping, northern Hopei, more than 60 have been felled and sold to a Japanese lumber company, according to a report received in Peiping. Upon receipt of the news, General Shang Chen, Chairman of the Hopei Provincial Government, instructed the Special Administrative Commissioner's Office for the Chihhsien-Miyun Area to make representations to the Japanese authorities.

## Men and Events

Mrs. T. C. White (Princess Der Ling) departed from Shanghai Nov. 5 by the s.s. *President Hoover* for her home in Los Angeles.

Miss Butterfly Wu, Chinese screen actress, will visit Japan early next year to star in a production of the Shochiku Cinematograph Company.

Wang Kwei-ching, a manufacturer of narcotic drugs recently arrested at Wusih, was executed at Chinkiang, Oct. 31, by order of the Gendarmes Headquarters there.

Mrs. Jack Young related her experiences in Thibet before the members of the Phi Lambda Fraternity, Shanghai, Nov. 4. She wore a Thibetan costume for the occasion.

The centenary of the establishment of the Canton Hospital, where Dr. Sun Yat-sen began his medical studies under the veteran missionary, Dr. J. G. Kerr, were celebrated at Canton Nov. 2.

The Rev. Stephen D. Pyle, pastor of the Peking Union Church at Peiping, departed this week for the United States on furlough. While in America Rev. Pyle's address will be at 189 Montague Street, Brooklyn.

Carroll Lunt, editor of the *China Digest*, entertained at his home at 200 West End Gardens, Shanghai Thursday, November 6, from 5 to 7 p.m. on the occasion of the tenth anniversary of the founding of his newspaper.

The Pan-Pacific Association Ball will be held at the Paramount Ballroom, Shanghai Friday, Nov. 15. The International Arts Theatre is in charge of the special program for the affair. A Ballet of Schumann's "Carnival," which was produced some years ago at the National Opera in Vienna, will be presented.

James Lin, nephew of Lin Sen, Chairman of the National Government, has returned to Peiping after more than a year's absence in the United States. Before leaving the United States the young man reached an agreement with the American sales girl whom he had married, for a separation.

Geo. J. McCarthy, general passenger agent of the Dollar Line in Shanghai, and Mrs. McCarthy gave a buffet supper at their suite in the Kingslyn apartments Nov. 4 in honor of Mr. and James S. McCandless of Honolulu and Mr. and Mrs. John D. MacGilvray of San Francisco.

Chang Ching-kiang, member of the Central Executive Commission, was seriously injured in a car accident which occurred Nov. 5 near Tangshan in the suburb of Nanking. He had first attended the third meeting of the Sixth plenary Session and had motored to Tangshan for a bath at the hot spring there.

The tenure of office of the members of the Board of Directors of the China National Boy Scouts Association having expired, it was decided at the meeting of the Standing Committee of the C.E.C. Oct. 31 that their term be extended for another year and that a new election should take place next year.

Announcement was made Nov. 2 by the China Finance Corporation of the resignation of Milton D. Purdy (former Judge of the U. S. Court for China) as its president and election of R. H. Parker a director in the Corporation and formerly with the China Realty Co. Judge Purdy is now in America but plans to return to Shanghai.

E. Manico Gull, former secretary of the British Chamber of Commerce in China, who has been in China for several months investigating conditions, departed this week for London. Since leaving China Mr. Gull has been secretary of the British China Committee in London. Mrs. Gull accompanied him on his present trip to the Far East.

One of the many participants in the second Nanking mass wedding to be held on Nov. 20 will be Miss Shao Wei-chen, daughter of Shao Li-tse, chairman of the Shensi provincial government. Miss Shao is a graduate of Edinburgh University, Scotland, having returned to China recently. Her husband-to-be is Wu Kuo-chun, a native of Kwantung.

Mark Foote, well known Washington correspondent and President of the National Press Club, spent several days in Shanghai this week on his way to Manila to attend the inauguration ceremonies of the Philippine Commonwealth. Mr. Foote is Washington correspondent for the Booth syndicate including eight leading papers in Michigan. He is a graduate of the University of Michigan.

### Mr. Ariyoshi to Be Transferred

Akira Ariyoshi, Japanese Ambassador to China, is shortly to be transferred from China. A general change in Japanese diplomatic representatives in China will be effected in the near future. The *Sin Wen Pao* says that this reshuffle of the Japanese diplomatic representatives in China is being made to strengthen the Japanese diplomatic front in China, a step which is considered necessary following the adoption of the new Japanese policy toward China.

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# New Books of Interest in the Far East

## The "New Deal" Is Analyzed

*A Review of the New America. By the Rt. Hon. Sir Arthur Steel-Maitland. The Macmillan Co., New York. 1935. 238 pages. Price U.S. \$2.50.*

President Roosevelt recently announced that business is to have a "breathing spell" and that his legislative program has been completed in its main outlines. Following that announcement, he departed for the Pacific Coast on what many regard as his first campaign tour of the coming presidential election. The time now seems appropriate for a survey on Roosevelt's "new deal." An excellent comprehensive review of it is to be found in the book under review.

"Viewed in this perspective," writes Sir Arthur, "the actual achievements of the present American Administration, although not startling, are substantial . . . The most reliable estimate of the amount of permanent recovery up to the end of June 1934 is afforded by a comparison of the figures of industrial production for March 1933 with those of March 1934. This gain was in the neighborhood of 33 per cent and the estimate is not appreciably affected by the figures for the second quarter of 1934." Conditions of work have been improved, working hours have been shortened, unemployment has diminished, the financial position of the farmer improved, the banking system strengthened, and the issue and marketing of securities put on a sounder basis. A less favorable aspect of the picture is the possibility of inflation arising from the unbalanced federal budget and the devalued dollar.

Of considerable interest is the author's conclusion that "a chapter in the country's history is coming to a close." He suggests that "one fundamental change is foreshadowed in the statement of a banker in New York that 'the old financial supremacy is gone for good.'" If true, this means that the third American dynasty has fallen. The first was that of the farming element, which continued throughout the early decades of the Republic. The second, which lasted well into the twentieth century, was the era of the great manufacturers and railroad kings. The post-war dynasty was that of finance. It is early yet to say how far the prophesy will be fulfilled, but it certainly is more likely to be justified than most predictions of the kind.

In an early address, President Roosevelt said that he would use the tactics of a foot-ball captain. If one play would not produce results, then another would be tried. For this experimental attitude, Sir Arthur has high praise. "Throughout the world," he writes, "the old order is changing. The great experiment in the United States is one of the manifestations of a period of transition. As an example of empiricism in the dynamics of change, it is not-worth; it is still more significant as evidence of the new currents of thought which alone make changes practicable, and indeed inevitable . . . It challenges all the cardinal principles of the existing economic system—competition, profit-making, the gold standard—but it does not make a final break with any of them save one, the principle of leaving the trade cycle to work its own cure."

Critics of the "new deal" will take issue with Sir Arthur on a number of counts. The gain in production and the improvement in the standard of living in the United States in the past two years are not sound grounds for approval of recent change in the law governing business. Many competent observers think that the upswing in production would have come without any government intervention. And most economists agree that a longer period than two years is needed if one is to use statistics of increased productivity as a basis of approval of the "new deal." Indeed, there are grounds for thinking that Roosevelt's measures have impaired long-run productive efficiency rather than increase it. The encouragement given to restrictive practices by the N.R.A., the crop reduction activities of the A.A.A. and the attacks on capital embodied in a number of administration measures are restrictive rather than encouraging to production in the long run.

Equally debatable is the experimental attitude and empiricism of the present Democratic policies. Both prices and costs have been made more rigid by the measures adopted in Washington. A little less empiricism and a little more reflection should have made it apparent that this is not the way to eliminate the trade cycle. In a world of change, prices and costs must be made adjustable to ever changing conditions.

WALTER B. SMITH.

## British Monetary System Described in Brochure

"The British Monetary System" is the title of a brochure written by Eric Caster and published by Gee & Co., Ltd., in London. The author states "Many people imagine the British monetary system to be an unstable structure like an inverted pyramid built up by bankers out of credit, but this is indeed a complete inversion of the picture."

## A Book for Art Lovers

*Buddhist Sculptures at the Yun Kang Caves. By Mary Augusta Mulliken and Anna M. Hotchkis. The French Bookstore, Peiping. \$9.00 Mex.*

Shanghai residents who saw the exhibition of Miss Mulliken, Miss Hotchkis and Miss Janet Fitch a few years ago in the Foreign Y.M.C.A. will recall that the two first named had among their paintings at that time a number of water-colours of Yun Kang Cave figures. Their Yun Kang Cave pictures in fact received more attention than the more usual paintings of Chinese temples, trees and scenes, just as the black-and-white pen and ink drawings of Miss Fitch (some of which have recently appeared in "Asia" magazine) were more noticed because more unusual and original than the things done by so many artists in China, amateur or professional.

The paintings exhibited at that time had been done after the two artists had made a visit to the Caves in the autumn of 1931. They were even then talking of going back to live there at least a month and to study the history of the caves and the meaning of the Buddhist sculpturing as well as to do more painting. In the spring of 1932 they carried out their intention, and the happy result for students of the art and culture of China is the publication of this book dealing with the earliest Buddhistic art and influence in this great country.

The book is not a large one, for with more pages of illustrations (many of them full-plate coloured ones) than of reading matter, a larger one would have been almost prohibitive in price. The text was prepared by Miss Mulliken who drew upon Chavannes, Focillon, Le Coq, DeGroot, Siren, Percival Yetts and many other authorities on Chinese art in general or Buddhist art in particular for her material. Fifteen of the paintings and drawings are hers also, while the contribution of Miss Hotchkis consists of thirty-three more ink drawings, diagrams, or colour plates to further illustrate the text. Every illustration is an integral part of the text itself. Nothing is added for decorative effect alone. Reference is made to each to illustrate either the history of the caves, the symbolism in the Yun Kang art, its virility and spiritual verve, or the restorations and the losses from erosion and dust storms.

With improved means of transportation and communications, the Yun Kang Caves will no doubt be much more visited in the future than in the past. This work of the two artist friends will prove invaluable in its interpretation of sculpturing that dates back at least to A.D. 483 and is of the greatest interest not only to students of Buddhism but also to lovers of pure beauty.

G. T. F.

## Spirit of China's Former Capital Faithfully Portrayed

*In Search of Old Peking. By L. C. Arlington and William Lewisohn. Peking, Henri Vetch, 1935. 382 pages, Maps, plans, index. \$12.50 Chinese currency.*

To many people this book will prove itself invaluable as a guide for a Peking journey, but to others who cannot go to Peking, it will give a delightful idea of the Peking which has been, and is fast disappearing. The authors have described some buildings which have disappeared—in some cases, they state, buildings and historical monuments have actually disappeared while the authors were still writing about them.

The important point is that the book has captured the spirit of Peking—the grandeur and the glory of its past, still to be felt. The details which are included in this account will be appreciated by all of those who wish to share in this spirit. Legends and historical facts connected with the different places are plentiful and valuable. Legends are bound to differ according to the raconteur—that is their especial quality; but they serve a good purpose however far removed from historical fact.

The book is excellent in general conception and detail. For example, there are suggested tours for each day of a short visit, there are tables of emperors, and an index which is invaluable. But the maps and illustrations give the book a unique quality. Illustrations taken from Chinese books of the K'ang Hsi period are charming, and several choice old Chinese maps are included. The end papers give maps for tours of the city and the Peking Plain from Nankou to Shanhaikuan and south to Taku. A convenient pocket holds a detachable map of the city itself. An example of the useful material in the book is the map of the Legation Quarter in 1900, with the lines of defense, over which fits a map on thin paper showing the Legation Quarter in 1935. This offers an intensely interesting study of the changes described in the text. The general format of the book is very attractive.

F. M. R.

## How Soviet Russia Has Raised Its Status

An article by Bruce Hopper entitled "Eastward the Course of Soviet Empire" has been reprinted in brochure form from *Foreign Affairs*. The author says: "Within a decade and a half the status of Soviet Russia has evolved from that of a pariah behind a *cordon sanitaire* to that of one of the wielders of the real balance of power in European politics, able to lend powerful backing to the *status quo* by transferring support from Germany to France after the advent of Hitler."



Another valuable volume for those interested in Soviet affairs is a treatise by V. M. Molotov, Chairman of the Council of People's Commissars of the U. S. S. R. published by Martin Lawrence, Ltd., London, entitled "Soviet Prosperity." The author says: "The invincible strength of the principles of the Soviet state lies in the fact that its development is based on the increasing and all-round participation of the masses in Soviet, socialist construction. The proposal made by our Party to extend the democratic principle in the Soviet electoral system is striking evidence of the development of democracy in our country. The every fact that this question has been submitted to the present congress is striking testimony to the close ties that exist between our Party and the toiling masses."

"Austria Establishes a Fascist State" from the pen of Mildred S. Wertheimer is the principal feature of *Foreign Policy Reports* for September 25. The author concludes: "While Austria has managed thus far to retain a nominal independence, there is little assurance that this status will be maintained; in all essential respects it remains merely a pawn on the European chessboard, but its disposition will have incalculable effects on European peace."

### Customs Revenue Book Reviews Income Since 1911

The Chinese Maritime Customs last week issued "China's Customs Revenue since the Revolution of 1911." The volume, which was prepared by Messrs. S. F. Wright and J. H. Gubbon, describes the manner in which Customs revenue has been collected and banked in recent years, embodies a record of the methods adopted by the Inspectorate to cope with the financial confusion which arose in the early days of the Revolution, and relates the nature of the measures enforced through the agency of the Inspector-General of Customs to deal with the situation.

During the eight years that have elapsed since the issue of the second edition of this volume, vital and far-reaching changes have taken place in the administration of the Customs and the Customs revenue. Outstanding among these changes is China's recovery of her right to tariff autonomy, which brought with it the National Import Tariff of February 1929.

### Nankai University President Entertains Alumni in Nanking

Dr. Chang Po-lin, president of the Nankai University, Tientsin, gave a tea party to all Nankai alumni resident in the capital Nov. 3. In a brief speech Dr. Chang referred to the increasing seriousness of the national crisis and advised his listeners to exert their utmost for national salvation.

### Two Chinese Students Included in Dean's Honor List of Massachusetts Institute of Technology

The Massachusetts Institute of Technology Oct. 5 announced the names of students whose high records during the last semester gave them a place of honor on the dean's list of students of high scholastic standing.

Inaugurated in 1931, the dean's list is designed to give recognition to students whose scholarship was of distinctly high grade. Included in the current list (current term 1934-35) are Teh-hing Li and Ieu-liang Wu of St. John's Middle School, Shanghai.

### Children's Chills And How To Avoid Them.

The air turns cold as soon as the sun goes down these autumn days and children cannot be expected to take precautions against sudden chills as grown-ups do; therefore at the first signs of a chill, a sneeze or a cough, Baby's Own Tablets should be administered.

These pleasant tasting little tablets are just the thing to break up a cold. Mildly laxative, they cleanse the little one's stomach and bowels, tone up appetite and improve his general health.

The prescription of a medical child-specialist. Baby's Own Tablets are guaranteed pure and safe even for the youngest infant in arms.

For all childish ailments such as constipation, 'wind', colic, simple fever, diarrhoea, colds and croup, to ease the pains of teething and expel worms, there is no better medicine for the young than Baby's Own Tablets, sold by chemists everywhere.

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(in Chinese)

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1935 Supplement

(July, 1933-June, 1934)

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National Government, Nanking

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## CHINA NATIONALIZES-IMPOUNDS SILVER— INAUGURATES "MANAGED" CURRENCY

(Continued from page 336)

decree of the Ministry is neither inflation nor a paper currency policy.

There will be no excessive issuance of paper money, Mr. Kao said and neither will there be inadequate reserves in future note issue.

The aim of the decree, Mr. Kao added, is to concentrate the issuance and reserves of notes in the hands of government banks in order to set up a solid foundation for the currency of China.

Until the Ministry issues another new order, Mr. Kao stated, subsidiary coins will be allowed circulation in the market.

In order to facilitate the exchange of legal tender notes for silver in the inland districts and outlying territories, where communications are difficult, arrangements are being made through the various local banks, revenue organs, post offices, telegraph and railway offices, and the offices of the China Merchants Steam Navigation Company (State-owned).

### Silver Nationalization Policy Is "Managed Currency," Not Inflation, Economists Say

Noted economists and monetary experts in Nanking expressed unanimous agreement that the nationalization of silver by the National Government is not inflation but a managed currency policy, according to a survey conducted by the *Central News Agency*.

This view was shared by such well-known authorities on silver as Dr. Chen Chang-heng, member of the Financial Committee of the Legislative Yuan, Professor Chao Lan-ping, strong advocate for the abandonment of the silver standard, and Dr. Leonard Hsu, chairman of the Silver Committee of the Ministry of Industries.

According to Dr. Leonard Hsu, the new policy can avoid the tightening of the currency market.

Prof. Liu Chen-tung, noted monetary expert and Dean of the Central Political Institute, in commenting upon the new silver decree issued by the Ministry of Finance, said the curbing of the activities of rumor mongers and speculators and the checking of the possible general rise of the price level is one of the many problems which the Government must solve as a result of the nationalization of silver.

### "Chen Pao" Says China Has "Gold Exchange Standard"

Commenting on the nationalization of silver, the *Chen Pao* in a lengthy editorial Nov. 5 explained that the government's move it is not inflation nor deflation. "Under this system, the Government is providing outside of the silver standard used internally, a gold standard to be used for foreign exchange. Under this system, silver remains the official legal tender while gold becomes the medium of exchange with foreign countries. How to carry out this new standard effectively depends on the balance of international payments. In other countries, the Government usually controls the exchange for the purpose of encouraging export trade and limiting import trade so as to bring about a favorable balance of international payments. This fact is therefore an important one to be considered carefully by the authorities. As the legal tender cannot be cashed, it is but natural that there will be a rise in the prices of commodities, which will seriously affect the masses. To remedy this situation, the Government should control the price of commodities and in this regard the system worked out by Mr. I. Fischer known as the "Index of Commodity Prices' System" is of great value and importance," the *Chen Pao* comments.

### "Shun Pao" Says Nationalization of Silver Will Increase Prices

Declaring that the decrees issued by the Ministry of Finance to nationalize silver will have far reaching effect is not only on the people of the cities but the masses in the country, the *Shun Pao* leading Chinese daily in Shanghai, in an editorial stated:—

"The present action of the Ministry of Finance is but another attempt to stop the flight of silver from the country. However, the most important cause of the outflow of silver is the decline in native industry and the dumping of foreign commodities. The present action of the Government will undoubtedly help the development of national industry, but the fundamental solution lies in the more effective protection and encouragement of Chinese native industry against external competition. The direct effect of the present action of the Government will be the increase in the price of commodities. The employees will be seriously affected and will find it difficult to maintain a living with their present salaries. This will reflect in turn on the peace and order of society, which the Government should take definite actions also to aid. The other effect is that of speculation. It is because of this speculation that the price of gold has been greatly increased recently. It is hoped that the Government banks will take definite action to stop this speculation so as to stabilize exchange."

### Price of Rice Already Increased

An increase of fifty cents per picul has been registered in the price of rice Nov. 3. The price of rice ranges from \$11.50 to 12.50.

In an order issued to the Bureaus of Public Safety and Social Welfare Nov. 5, General Wu Teh-chen, Mayor of Greater Shanghai, instructed that strict measures be taken to prevent local

profiteers from taking advantage of the present opportunity to make selfish gains.

### Dollar Drops—Prices Rise in Kansu

Since the step taken by the Kansu Provincial Government at the beginning of this month to withdraw the local paper notes at the rate of 20 per cent, the price of commodities have risen considerably in said province. Those who possess paper notes are almost unable to buy anything from the market.

### Hankow Exchange Dissolved

The Hankow Exchange for Government Bonds and Commodities, which was organized last April, was dissolved Nov. 3, following a meeting of the shareholders. The Exchange has lost more than \$80,000 during the past months, according to well-informed circles.

### Dr. Ma Yin-chu, Discusses Yen Hsi-shan's Proposal for Property Bonds

The proposal of General Yen Hsi-shan, Pacification Commissioner for Shansi, to use property bonds as substitute for metallic currency as medium of exchange, constituted the subject of an address delivered by Dr. Ma Yin-chu, noted economist and head of the Finance Committee of the Legislative Yuan, at the National Government headquarters in Nanking Oct. 31. According to Dr. Ma, General Yen advocates the use of property bonds because he desires to abolish private ownership of capital. The present economic system, in the opinion of General Yen, Dr. Ma said, is such that labor does not look upon production as its aim and distribution is not based upon the fruits of labor. In one respect, however, Dr. Ma differed in opinion with General Yen. General Yen blames the metallic currency as the cause for the present overproduction and rural bankruptcy in China.

But according to Dr. Ma, the economic ills as referred to above are due more to private ownership of property than to the curse of metallic currency.

### American Traders Believe U. S. Trade Will Be Hurt

According to a *Reuter* message from New York, American traders feel that the demoralized currency of China is likely to cause further harm to the dwindling American trade with this country while, even if the paper currency is successful, no gain is expected. Financial observers make no attempt to forecast either the long term or the near term repercussions of the Chinese Government's action. Instead, the following questions have arisen in their minds:

1. Will the Chinese people generally accept the new currency, and, if not, will the Government have sufficient power to enforce its acceptance?
2. Will the Chinese Government, with a view to supporting exchange, be forced to sell immediately large quantities of silver, and, if so, would the United States Treasury, confronted with vastly increased supplies, reduce its bid price, thus courting renewed demoralization of the silver markets?
3. Will the Hongkong Government take action analogous to that of Nanking?
4. If China abandons silver permanently, what will be the price of silver eventually?

## RED-BLOODED PEOPLE GET THE MOST FUN OUT OF LIFE.

Elbert Hubbard once said, "No man ever successfully made love with a cold in his head." And this witty remark proclaims a truth we have all experienced in some way or another. We all know that work is easier... play is funnier... and life and love doubly desirable, when we are well.

Now, it's an actual fact that well people are more red-blooded than ailing ones. Vitality, radiant health and energy can be seen in the blood in the form of red corpuscles and the haemoglobin (red substance) which the corpuscles carry. When people have plenty of both they are truly "red-blooded."

Many, however, are below normal in red corpuscles and haemoglobin. A short time ago, 45 persons were examined by blood test to see how red-blooded they were. As many as 40 were low in their blood's red corpuscles and haemoglobin. These 40 received a thirty-day treatment of Dr. Williams' Pink Pills and became so greatly improved in blood vitality... and consequently in health and vigour... that the examiner making the test was profoundly impressed.

This famous old remedy was originated by an eminent British physician to correct low vitality of the blood. Symptoms of this condition are lack of colour in the face, loss of energy "or pep", run-down feelings, nervousness, etc. Those who have such symptoms should take a 30-day treatment of Dr. Williams' Pink Pills and feel strength, vitality and general bodily well-being returning to them, just as it did to the 40 people in the clinic. From chemists everywhere.

# WANG CHING-WEI SURVIVES ATTEMPTED ASSASSINATION; C.E.C. SESSION CLOSES AFTER FIVE-DAY SITTING

(Continued from page 342)

faithfully carried their work in accordance with the instructions handed down by the 5th Plenary Session of the C.E.C. Considerable progress, the report indicates, has been made in the field of political, military, educational and social activities and publicity work, as a result of the efforts exerted by these Party organizations during the past ten months.

Immediately after the adjournment of the second regular session, members of the five examination committees met to continue discussing the remaining proposals, the result of which will be brought up before the next general meeting for further discussion.

One of the most important matters discussed at the third regular meeting of the Sixth Plenary Session of the Central Executive and Supervisory Committees of the Kuomintang held Nov. 5 was the scheme of Dr. H. H. Kung, Minister of Finance for the nationalization of silver. The meeting was attended by 107 members, and presided over by Sun Fo, president of the Legislative Yuan. It was reported before the session that in a telegram addressed to the presidium of the Session from Shanghai on November 5, Dr. H. H. Kung outlined the circumstances which have forced the Ministry of Finance to adopt the emergency measures as decreed on the night of November 3 to cope with the turbulent financial situation. The telegram, which was read at the meeting, says that as a result of the sensational rise of the silver value, there has been a heavy flight of capital from China. The economic strength of the people has dwindled, and in order to fundamentally stabilize the nation's finance and currency, the Ministry has decreed six measures which were put into force on November 4. The message requested the Session to adopt the measures.

The Session decided to adopt the measures and refer the decree to the National Government for formal promulgation.

Other matters discussed at the morning's session were various reports by the examination committees relating to Party, political, economic and educational affairs, and also a report by the Committee for the examination of the Draft Constitution of the Republic of China.

There was no business session in afternoon and all the proposals submitted to the Plenary Session have been adopted at the third session on the basis of recommendations submitted by the different committees in charge of the examination of the proposals.

The closing ceremony of the Plenary Session was held in the morning of Nov. 6 with Yu Yu-pen, president of the Control Yuan, in the chair.

All employees of Central Party Headquarters were given a holiday Nov. 1, in accordance with a decision of the Standing Committee of the C.E.C. immediately after the incident. The holiday will remain in force till after the close of the 5th National Congress of Kuomintang Delegates. During the holiday, the validity of admission passes for employees of Central Party Headquarters will be temporarily suspended.

*Nippon Dempo* reports that evidence that the Nanking authorities are still lacking in enthusiasm for adjustment of relations with Japan is seen in the fact that the Sino-Japanese problem was not permitted to be discussed at the Plenary Session of the Central Executive and Supervisory Committees of the Kuomintang.

## TWO NANKING EMISSARIES ARRIVE AT CANTON ON RAPPROCHEMENT MISSION

The prospects of rapprochement between Canton and Nanking have been brightened by the arrival in Canton Nov. 4 of Tai Chi-tao, President of the Examination Yuan, and Ma Chao-chun, Mayor of Nanking, the Central Government's peace emissaries. The Nanking officials were accorded a warm welcome, and shortly after their arrival, plunged into a conference with Canton leaders concerning the political situation. The two envoys travelled by airplane. Interviewed prior to his departure from Nanking Mr. Ma stated that he and Mr. Tai would inform South-west leaders of the

policy of the Nanking Government, and would urge them to attend the forthcoming Fifth National Kuomintang Congress.

In an interview with *Reuter*, Nov. 5, both Mr. Tai and Mr. Ma admitted that their mission in Canton was to achieve internal solidarity. They said they were seeking an understanding between the Southwest and the Central Government. They were entertained at a banquet given in their honor in the evening of Nov. 4, by members of the Southwest Political Council, at which the most friendly atmosphere prevailed. Both Generals Chen Chi-tang and Li Chung-jen were present, and they exchanged views on the political situation with the two Nanking emissaries. The latter will stay in Canton three or four days before returning to Nanking to report on the outcome of their mission, which, they are confident, will bear fruit in view of the present aggravated national crisis. While a final decision has yet to be made concerning rapprochement between Canton and Nanking, the general impression in Canton is that the negotiations now proceeding will result in a number of important Cantonese leaders leaving for Nanking to attend the forthcoming Fifth National Kuomintang Congress. It is believed that at least three members of the Central Executive Committee, including Lin Yun-kai, Chairman of Kwangtung, and General Huang Yu-cho, Chairman of Kwangsi, may leave for Nanking together with Mr. Tai.

General Li Tsung-jen, Commander of the Kwangsi Provincial Force, has also definitely decided to come to the Capital by airplane in a few days.

*Shanghai Mainichi* reports that the following proposals have been submitted by the Southwestern authorities to the Sixth Plenary Session of C.E.C.:

- 1) Resignation of Wang Ching-wei,
- 2) Withdrawal of the Central Government troops from Fukien and Kiangsi,
- 3) Regular payment of subsidy of the Southwestern troops by Nanking, and
- 4) Continuance of the Southwestern Political Council, and the Southwestern Executive Organ.

His health having considerably improved, Hu Han-min, former president of the Legislative Yuan, is leaving Germany shortly for France on a leisure trip, according to a cablegram recently received at Canton. The message denies that he is contemplating taking a trip to the United States.

*Shanghai Mainichi* reports that a sensation has been caused in Nanking by the proposal which has been submitted by the Yunnan delegation to the Sixth Plenary Session of the C.E.C., recommending the abolition of the Southwestern Political Council in order to secure cooperation between Nanking and the Southwest.

A proposal of General Yen Hsi-shan, Director of the Taiyuan Pacification Headquarters for the issue by the Government of "Commodity Certificates" which may be exchanged for goods,—Designed by General Yen to relieve the stringency of the money market and the business depression,—was considered at a meeting on Oct. 31 of a special committee of the Legislative Yuan appointed to study the proposal.

General Feng Yu-hsiang, former Northwestern leader, has signified his intention of making a prolonged stay at the Capital. General Feng is now staying at the private villa of General Chiang Kai-shek, President of the Military Affairs Commission, near the Mausoleum Park but will shortly move into the Nanking residence of General Han Fu-chu, Chairman of Shantung.

## CHANG CHING-KIANG BADLY HURT IN CRASH

Suffering from injuries sustained in a motoring mishap which occurred in the afternoon of Nov. 5, while travelling to the Tangshan Hot Springs, Chang Ching-kiang, veteran Chinese statesman, was rushed to the Central Hospital in Nanking. His condition is reported to be very critical. An examination revealed that Mr. Chang's thigh bone had been broken and that he was suffering from other injuries.

## JAPANESE DEMAND RESIGNATION OF PEIPING MAYOR AND ABOLITION OF MILITARY COUNCIL

*Reuter* reports that the resignation of Colonel Yuan Liang, the Mayor of Peiping, and the abolition of the Peiping Military Council, are two of the four new demands made by



the Japanese military authorities in Peiping. The two other demands are stated to be as follows. An expression of regret from General Shang Chen, Chairman of Hopei, for the Luanchow incident, in which captain Liu Tso-chow, of the Peace preservation Corps, was murdered, and financial compensation for his relatives: and The arrest of a number of prominent Blue Shirt leaders.

In the meantime, it is reported that the Japanese military authorities have suggested the extension of the Demilitarized Zone.

It is further reported that a large party of Peiping police, acting under instructions from a certain high Chinese authority, raided their own Headquarters at the Bureau of Public Safety. After throwing a cordon round the headquarters, they arrested all members of the Fourth Section of the Bureau on a charge of being Blue Shirts. The arrests were said to have been made in accordance with a list of alleged Blue Shirts supplied by the Japanese authorities.

Colonel Yuan Liang, who during the past week had been the subject of bitter attack by Japanese press as well as by Japanese newspaper correspondents, left Peiping by the afternoon's through express for Nanking Nov. 4. Colonel Yuan's resignation as Mayor of Peiping was accepted Nov. 3 by the Nanking Government and pending the appointment of his successor, General Sung Cheh-yuan, garrison commander of Peiping and Tientsin will occupy the post. According to a *Rengo* report, Col. Yuan was accompanied by Dr. Chiang Meng-lin, Chancellor of the Peking Government University, who is regarded by the Japanese as the central figure in the anti-Japanese movement in North China. Gen. Sung Cheh-yuan formally assumed the post of acting mayor of Peiping in the morning of Nov. 5. Gen. Chin Teh-shun, Chairman of Chahar, was formally appointed Mayor of Peiping Nov. 6 by the National Government and Gen. Hsiao Cheng-ying, Chairman of Chahar.

General Shan Chen, Chairman of Hopei, and General Sun Cheh-yuan, garrison commander of Peiping and Tientsin, as well as the Peiping Military Council, have replied to the recent Japanese representations stating that they will do their best "to clear up the matter," according to a Japanese spokesman Nov. 2. Chinese sources state that the Military Council has ordered all military organs in North China to investigate if there exist in Peiping any organizations whose activities are prejudicial to the maintenance of good relations between Japan and China. If so, they must be suppressed completely. It is confirmed that a number of so-called Blue Shirts have been arrested, while Japanese sources state that many more have left Peiping for the south during the past two days.

The Kwantung Army issued a statement Oct. 31, pledging their staunch support of the demands of the Japanese authorities in North China for a thorough suppression of all organs engages in activities against Japan and "Manchukuo."

Japanese papers published on November 1 three fabricated documents, alleged to be "secret orders" of the Peiping Branch of the Military Affairs Commission, and reported the seizure of "evidence" to show that these documents in question were issued by the Chinese authorities.

In denying the authenticity of the "secret orders," a spokesman of the Branch Commission pointed out that there is ample proof that the documents were fabricated. Not only are the contents and wording of the alleged documents erroneous, but the form and style were also inconsistent with the official documents of the commission. Moreover, the Confidential Section of the commission, had never had anything to do with the administration of Party affairs.

The spokesman deplored the publication of such obviously forged and absurd documents by Japanese newspapers at this juncture when Sino-Japanese relations are just improving.

Responsible circles in Nanking refuted Nov. 5 the charges of Japanese newspapers in Tientsin and Shanghai alleging that the Peiping Branch Military Council was involved in the Luanchow incident last August when Capt. Liu Tso-chow, a commander of the peace preservation corps,

was murdered at the Tangshan station and a Japanese was wounded by a stray bullet. It is pointed out by a Government spokesman that the full confession of the murderer of Capt. Liu, who was later apprehended and tried, was made before Yin Ju-keng, special administrator of the Luanchow-Shanghai-kwan Area, and a verbatim report forwarded to Nanking on August 28. The central authorities originally intended to publish this report, but later decided to withhold it from publication for fear the publicity might interfere with the investigation which was still in progress. One of the important reasons which prompted the authorities to withhold the information, it is understood, is that the confession of the murderer touches in several places Japanese military organization and the activities of Shih Yu-shan, the notorious insurgent general and others, and full publicity of which would tend to complicate the dispute.

"Now that the Japanese papers have made unwarranted accusations against the Government," said the spokesman, "we do not propose to keep silent any longer and will make public the whole details."

#### JAPANESE MILITARY FREELY MAKE ARRESTS IN NORTH

The spokesman of the Japanese military forces in Peiping admitted Nov. 5 that several Chinese had been arrested in Peiping by Japanese gendarmes. The exact number of Chinese taken into custody was not disclosed by the spokesman who declared that they were being detained at the present time at the headquarters of the gendarmerie in the Japanese barracks. He added that after the Japanese authorities had completed their investigations, those arrested would be handed over to the Chinese authorities. The spokesman declared it was believed that one of the arrested Chinese was a bona-fide Blue Shirt, while another leader of Volunteers still operating in Manchuria. He denied, however, that the Japanese military authorities had demanded the removal of Colonel Yuan Liang, former Mayor of Peiping. Colonel Yuan, he stated, had, by keeping under him Blue Shirts and members of the Langpu, broken the understanding between General Ho Ying-chin, Minister of War, and the Japanese authorities.

"Hence," the spokesman added, "we attacked these things and because of our attack he resigned."

The arrest of the alleged Blue Shirts, he continued, had been carried out by "an understanding" and not with the "permission" of the Chinese authorities.

Li Ming, Section chief in the Bureau of Social Affairs of the Tientsin Municipal Government, was kidnapped in the night of Oct. 30 by the Japanese military police. Although the Municipal Government immediately despatched a secretary Liu Shao-kun, to see the Japanese authorities, his efforts to bring about Mr. Li's release were futile. This was the second kidnapping case in Tientsin within the past week, the hold-up of Wang I-fan, Deputy-Director of the Tientsin Press Censorship Bureau, and four of his assistants by a number of armed Japanese.

Another Chinese official of the Tientsin City Government has been arrested by the Japanese gendarmes. He is Wang Chia-chin of the Bureau of Social Affairs.

A number of Japanese gendarmes entered the private residence of Li Hsi-chin in Tientsin at 10 a.m. Nov. 4 and took him to the Japanese Gendarmes Headquarters. Mr. Li, aged 50 formerly director of the Military Supplies of the Honan Provincial Government. He is now detained in the Japanese Gendarmes Headquarters. The cause of Mr. Li's arrest has not been announced.

#### NORTHWEST ANTI-RED HEADQUARTERS INAUGURATED

The Headquarters of the Anti-Communist Forces for the Northwest at Sian was formally inaugurated Nov. 2. General Chien Ta-chun has been appointed chief of staff, Wu Chia-hsiang Secretary-General and General Mi Chun-lin head of the administration office. General Chiang Kai-shek and General Chang Hsueh-liang are respectively Commander and deputy-commander of the anti-Communist forces for the Northwest.